

Market Analysis

Issue No. 375

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Inside Market Analysis

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Summary and Recommended Investment Strategy.

Hidden behind a flat performance by the NZ and Australian stockmarkets over the last 3-4 years have been many opportunities for significant gains. Now many under-valued shares are booming - further boosting the value of our portfolio! It is too early to think about profit-taking - sit back and enjoy the express ride up the hill.

Investment Outlook.

The recovery - and boom - in Australian Technology shares has intensified over the last month! While this makes us a little nervous we can only repeat that "it is not uncommon for shares to rise 50-100% over a few weeks at this stage in the stockmarket cycle" and then go on to "rise another 50-100% over the next year". It is far too early to be taking profits! Remain fully invested.

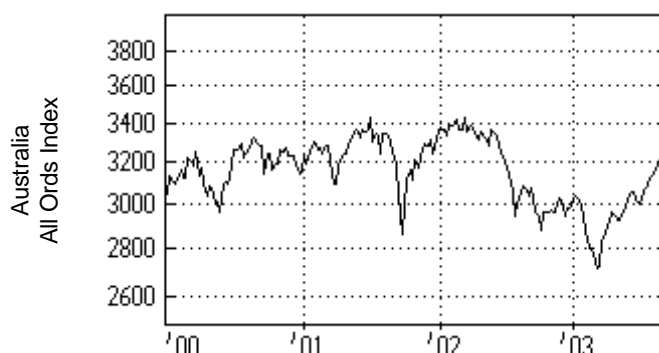
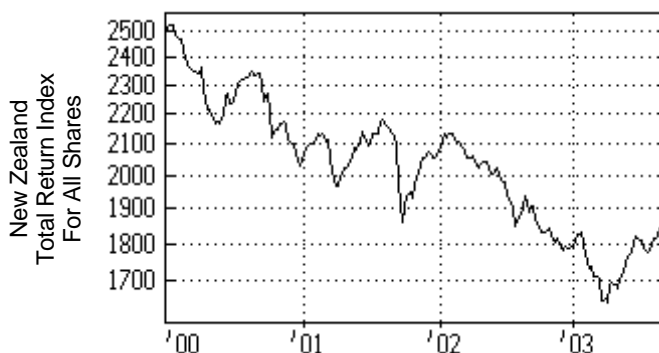
While the NZ and Australian share indices have moved little over the last 3-4 years there have been plenty of opportunities. Technology shares fell sharply after the 1999-2000 boom - as did many emerging growth company shares and many cyclical shares. From these depressed shares we found a few big winners: **Steel & Tube**, **Austral Coal** and **McPhersons** have each risen 3-fold in value in three years, **OAMPS** increased 2½-fold in 2½ years, **Skilled Engineering** is up 2½-fold in 1½ years and **Villa World** has doubled in just 1¼ years! Inevitably there were a few unsuccessful investments - but one big winner can cover *all* of these.

Investors - like us - who are fully invested in the recommended shares will have seen their portfolios increase significantly in value over the last six months - and especially over the last month or two.

Investors sitting on the sidelines with large amounts of uninvested cash are in a more difficult situation. The train is now moving out of the station and rapidly picking up speed. The **Freightways** train has stopped on the other side of the track and is inviting people aboard (see Page 16), but that is a slow train going in the wrong direction! *Our* job is to find the *express* trains going the right way - but they often don't stop. We can only point them out and suggest *jumping* aboard as they pass, but we can't force anyone to take that leap of faith! That leap, however, is essential if you want to be successful in the stockmarket. And you need to keep making those leaps through the inevitable market declines and the unavoidable unprofitable investments.

Stockmarket Forecasts

| | <u>One-Month</u> | <u>One-Year</u> |
|--------------|----------------------|----------------------|
| Australia: | 74% (Bullish) | 76% (Bullish) |
| New Zealand: | 73% (Bullish) | 64% (Bullish) |



Performance Forecasts

"Performance Forecasts" are computer generated predictions of the relative future price performance of a company's shares over the next three to six months. Performance Forecasts are calculated for every listed NZ share (except Investment Trusts) on a rating scale using the letters "A" (Highest potential for capital appreciation over the next 3-6 months), "B" (Above Average), "C" (Average), "D" (Below Average) and "E" (Lowest). These predictions are NOT buy or sell recommendations, but can be useful to help time planned purchases or sales, or to identify shares worthy of further study and analysis.

| | Performance Forecast | Price | Price/Sales Ratio | P/E Ratio | Gross Yield | | Performance Forecast | Price | Price/Sales Ratio | P/E Ratio | Gross Yield | | Performance Forecast | Price | Price/Sales Ratio | P/E Ratio | Gross Yield |
|------------------|----------------------|-------|-------------------|-----------|-------------|------------------|----------------------|-------|-------------------|-----------|-------------|-----------------------|----------------------|-------|-------------------|-----------|-------------|
| AMP Limited | B | 774 | 1.20 | 10 | 8.0 | Hellaby Hold. | A | 480 | 0.80 | 11 | 8.1 | Pyne Gould G. | B | 131 | N/A | 10 | 9.7 |
| AMP NZ Office | C | 82 | 6.85 | 7 | 8.2 | Heritage Mining* | N/R | 5.0 | N/A | NE | Nil | Renaissance | B | 50 | 0.17 | NE | 9.0 |
| AXA Asia Pac. | B | 302 | 1.08 | 14 | 3.9 | Hirequip NZ Ltd | C | 79 | 2.40 | 15 | 2.8 | Restaurant Brds | C | 132 | 0.42 | 10 | 11.3 |
| Affco Holdings | C | 22 | 0.05 | 10 | Nil | Horizon Energy | B | 343 | 3.77 | 17 | 10.9 | RetailX Limited | C | 12 | 2.74 | NE | Nil |
| Air New Zealand | C | 61 | 0.49 | 11 | Nil | ING Property | C | 102 | 5.75 | 9 | 9.6 | Richina Pacific | D | 34 | 0.06 | 4 | Nil |
| Akd Int Airport | A | 638 | 8.51 | 25 | 5.1 | IT Capital Ltd | D | 0.9 | 2.00 | NE | Nil | Richmond Hold. | C | 314 | N/A | NE | Nil |
| Allied Farmers | B | 205 | 0.31 | 9 | 8.0 | Ind Newspapers | B | 436 | 1.99 | 24 | 3.3 | Rocom Wireless | C | 17 | 0.38 | NE | Nil |
| Apple Fields | D | 3.2 | 2.74 | 14 | Nil | Infratil NZ | B | 225 | 3.33 | 15 | 2.7 | Rubicon Limited | D | 68 | N/A | 13 | Nil |
| Beauty Direct | C | 9.5 | 2.53 | NE | Nil | Kidicorp | D | 21 | N/A | NE | Nil | Ryman Health. | B | 187 | 1.98 | 12 | 4.0 |
| Blis Technology | E | 28 | N/A | NE | Nil | Kingsgate Int'l | D | 22 | 1.70 | 8 | Nil | Sanford Limited | C | 500 | 1.21 | 13 | 6.0 |
| Botry-Zen Ltd | D | 13 | N/A | NE | Nil | Kirkcaldie & St | B | 343 | 0.64 | 16 | 5.2 | Savoy Equities | E | 1.5 | 4.41 | NE | Nil |
| Brierley Invest | C | 76 | 7.05 | 48 | Nil | Kiwi Property | D | 104 | 8.07 | 13 | 8.2 | Scott Tech. Ltd | C | 256 | 1.93 | 23 | 6.4 |
| Briscoe Group | C | 174 | 1.23 | 16 | 5.8 | Lion Nathan Ltd | B | 600 | 1.72 | 17 | 3.3 | Selector Group | D | 1.1 | 2.16 | NE | Nil |
| Broadway Ind | C | 54 | 0.30 | 8 | 3.7 | Lytelton Port | B | 185 | 3.10 | 14 | 8.9 | Shotover Jet | C | 85 | 1.50 | 11 | 2.2 |
| CACI Group Ltd | D | 18 | 0.20 | 6 | Nil | Mainfreight Grp | C | 128 | 0.25 | 11 | 7.6 | Skelmax Indust | C | 112 | 1.16 | 9 | 9.3 |
| CDL Hotel NZ | C | 35 | 0.64 | 7 | 6.0 | Metro. LifeCare | B | 161 | 1.38 | 13 | Nil | Sky City Leisur | D | 120 | 2.03 | 40 | Nil |
| CDL Investments | C | 28 | 2.19 | 9 | 8.5 | Michael Hill | B | 425 | 0.72 | 16 | 6.0 | Sky City Ltd | B | 875 | 3.26 | 17 | 8.0 |
| Cabletalk Group | C | 42 | 0.33 | NE | Nil | Mid-Cap Index * | N/R | 205 | N/A | NE | Nil | Sky Network TV | D | 480 | 4.78 | NE | Nil |
| Cadmus Tech Ltd | C | 15 | 1.84 | 59 | Nil | Mooring Systems | C | 152 | N/A | NE | Nil | Software of Exc | E | 105 | 1.34 | NE | Nil |
| Calan Hlthcare | C | 83 | 7.12 | 15 | 9.6 | Mowbray Collect | C | 92 | 2.01 | NE | 3.2 | South Port NZ | D | 150 | 2.68 | 15 | 6.7 |
| Cap Properties | C | 89 | 2.88 | 10 | 10.3 | Mr Chips Hold | E | 96 | 0.90 | 23 | 4.7 | Spectrum Res. | D | 1.5 | N/A | NE | Nil |
| Carter Holt | D | 167 | 0.70 | 16 | 4.5 | NGC Holdings | C | 162 | 2.90 | 26 | 5.6 | Steel & Tube | A | 366 | N/A | 15 | 9.4 |
| Cavalier Corp | A | 497 | 1.62 | 17 | 7.5 | NZ Experience | D | 19 | 1.36 | 8 | Nil | Strathmore Grp | C | 1.1 | N/A | NE | Nil |
| Cedenco Foods | A | 230 | 1.33 | 8 | Nil | NZ Exchange Ltd | E | 465 | N/A | NE | Nil | Submarines Aust | C | 0.5 | 0.26 | NE | Nil |
| Cert Organics | D | 7.0 | 2.45 | NE | Nil | NZ Invest Trust* | N/R | 520 | N/A | NE | 1.6 | Summit Gold Ltd* | N/R | 5.5 | N/A | NE | Nil |
| Col FS Property | D | 100 | 5.77 | 17 | 10.5 | NZ Oil and Gas * | N/R | 33 | 9.07 | NE | Nil | Tag Pacific Ltd | D | 11 | 0.22 | NE | Nil |
| Col Motor Co | B | 298 | 0.21 | 12 | 9.3 | NZ Refining Co | B | 1595 | 2.37 | 11 | 14.0 | Taylor's Grp Ltd | A | 190 | 0.81 | 11 | 8.2 |
| Commsort Group | C | 0.3 | 0.04 | NE | Nil | NZIJ.co.nz | E | 30 | 2.33 | NE | Nil | TeNZ * | N/R | 98 | N/A | NE | Nil |
| Contact Energy | B | 478 | 2.63 | 23 | 5.9 | Nat Property Tr | C | 93 | 6.70 | 15 | 9.7 | Telecom Corp | C | 514 | 1.89 | 14 | 5.8 |
| Cube Capital | C | 5.5 | 0.18 | NE | Nil | Newcall Group | E | 3.7 | 0.21 | NE | Nil | Tourism Hold. | C | 140 | 0.70 | 55 | 3.2 |
| Cue Energy Ltd * | N/R | 6.0 | 2.62 | 29 | Nil | Newmarket Prop. | C | 52 | 3.96 | 9 | 12.6 | Tower Limited | D | 124 | 0.50 | NE | 12.1 |
| DB Breweries | B | 690 | 1.21 | 18 | 5.8 | Northland Port | B | 295 | N/A | 30 | 4.2 | Training Sol. | E | 0.3 | 4.29 | NE | Nil |
| Dairy Brands | D | 64 | N/A | NE | Nil | Nuhaka Forestry | C | 515 | 0.98 | NE | 17.7 | Trans-Tasman | D | 31 | 2.25 | 18 | Nil |
| Design Textiles | C | 94 | 0.50 | 9 | 6.5 | Nuplex Indust | A | 400 | 0.39 | 11 | 7.5 | Tranz Rail Hold | D | 107 | 0.37 | NE | Nil |
| Dorchester Pac | B | 196 | 0.69 | 9 | 5.7 | Opio Forestry | E | 50 | 8.96 | NE | Nil | Trust Power Ltd | C | 470 | 1.43 | NE | 4.0 |
| Ebos Group Ltd | B | 310 | 0.38 | 13 | 7.9 | Otter Gold Mine* | N/R | 29 | 0.68 | NE | Nil | Turners Auction | A | 388 | 1.49 | 17 | 5.8 |
| Eldercare NZ | C | 20 | 0.67 | 36 | Nil | Owens Group Ltd | C | 104 | 0.13 | 21 | 2.9 | Urbus Property | E | 88 | N/A | NE | Nil |
| Evergreen | E | 46 | 1.88 | NE | Nil | Ozzy (Tortis) * | N/R | 206 | N/A | NE | Nil | Utilico Int'l | D | 60 | 6.15 | NE | Nil |
| F & P Health. | A | 1208 | 5.94 | 17 | 6.2 | Pac Edge Bio. | E | 4.0 | 4.55 | NE | Nil | Vending Tech. | D | 104 | 1.37 | 12 | Nil |
| F & P Appliance | A | 1445 | 1.13 | 13 | 6.8 | Pacific Retail | D | 230 | 0.23 | 8 | Nil | Vertex Group | B | 154 | 0.57 | 13 | 13.8 |
| FC - Forests | D | 112 | 0.94 | 8 | Nil | Port Tauranga | C | 418 | 5.10 | 22 | 5.9 | WN Drive Tech. | C | 48 | N/A | NE | Nil |
| Finzsoft Sol'ns | D | 100 | 2.08 | NE | Nil | Ports Auckland | B | 795 | 5.03 | 19 | 6.4 | Wakefield Hosp. | B | 170 | 0.89 | 21 | 2.6 |
| Fletcher Build. | A | 413 | 0.52 | 10 | 6.9 | Postie Plus Grp | E | 124 | 0.20 | NE | Nil | Warehouse Group | B | 510 | 0.83 | 19 | 4.0 |
| GDC Communicat. | C | 65 | 0.36 | 7 | 8.0 | Powerco Limited | C | 169 | 2.33 | 14 | 8.3 | Waste Mgmt NZ | A | 370 | 2.35 | 28 | 3.0 |
| Genesis Res. | D | 111 | 1.87 | NE | Nil | Property F. Ind. | C | 96 | N/A | 17 | 7.3 | Williams Kettle | B | 414 | 0.33 | 9 | 8.3 |
| Guinness Peat | B | 167 | 0.67 | 8 | 1.8 | Provenco Group | E | 27 | 0.46 | 21 | Nil | World Index Fd * | N/R | 115 | N/A | NE | Nil |
| Hallenstein G. | B | 300 | 1.00 | 15 | 9.2 | Pure NZ Limited | D | 4.5 | 6.43 | NE | Nil | Wrightsons Ltd | B | 140 | 0.29 | 10 | 12.3 |
| AMP Diver. Prop | B | 304 | N/A | 15 | 6.7 | Corp Express | B | 535 | 1.34 | 23 | 1.5 | Ave of 141 Cos | C | 204 | 0.55 | 20 | 3.8 |
| AMP Ltd | C | 683 | 1.63 | NE | 6.7 | Crane Group | B | 1052 | 0.28 | 12 | 5.7 | OPSM Group Ltd | B | 378 | 1.03 | 25 | 4.0 |
| AMP Office Trt | C | 114 | 9.72 | 13 | 8.2 | David Jones | B | 145 | 0.34 | 89 | 4.8 | Oil Search Ltd | A | 101 | 2.45 | 13 | 1.5 |
| ANZ Bank | C | 1789 | 1.68 | 12 | 4.8 | Deutsche Office | C | 110 | 6.56 | 12 | 9.1 | Onesteel Ltd | B | 203 | 0.71 | 23 | 5.4 |
| APN News Media | B | 360 | 1.47 | 18 | 4.4 | Deutsche Ind Tr | C | 175 | 7.02 | 15 | 8.6 | Orica Ltd | A | 1205 | 0.79 | 16 | 3.7 |
| AWB Limited | B | 387 | 0.46 | 10 | 6.5 | Deutsche Div Tr | C | 111 | 6.81 | 12 | 8.4 | Origin Energy | B | 422 | 0.83 | 17 | 2.4 |
| AXA Asia Pac | B | 272 | 1.58 | 14 | 3.6 | Djerriwarh | B | 342 | N/A | 18 | 6.3 | Oxiana Ltd | C | 81 | N/A | NE | Nil |
| Adelaide Bright | A | 143 | 1.58 | 15 | 3.7 | Downer EDI Ltd | C | 80 | 0.29 | 12 | 3.6 | Pacifico Group | A | 507 | 0.65 | 16 | 3.9 |
| Adelaide Bank | B | 872 | 1.43 | 15 | 4.2 | Envestra | C | 104 | 2.71 | 59 | 9.1 | Paperlin X Ltd | B | 542 | 0.61 | 17 | 5.1 |
| Alinta Limited | B | 611 | 2.50 | 17 | 4.1 | Fairfax (John) | B | 326 | 2.00 | 45 | 3.4 | Patrick Corp | B | 1305 | 2.71 | 23 | 1.5 |
| Alumina Ltd | B | 521 | 2.31 | 33 | 2.5 | Flight Centre | A | 2250 | 3.35 | 30 | 1.9 | Perp Trust Aust | B | 3727 | 4.64 | 21 | 3.5 |
| Amcor Ltd | C | 892 | 0.71 | 21 | 3.4 | Foodland Assoc | B | 1848 | 0.43 | 21 | 4.1 | Principal Off. | C | 157 | 9.03 | 16 | 7.0 |
| Anaconda Nickel | D | 9.4 | 0.81 | NE | Nil | Foster's Group | C | 443 | 1.94 | 20 | 4.2 | Publishing & Br | B | 1100 | 2.49 | 18 | 2.3 |
| Aneka Tambang | B | 20 | 6.17 | 51 | 43.9 | Futures Corp. | B | 150 | 0.40 | 10 | 5.3 | O.B.E. Insur. | C | 988 | 0.72 | 22 | 3.5 |
| Anglogold Ltd | A | 1178 | 0.83 | 5 | 20.7 | GWA Internat'l | B | 292 | 1.22 | 15 | 5.3 | Qantas Airways | C | 348 | 0.54 | 18 | 4.9 |
| Ansell Ltd | B | 690 | 0.98 | 26 | 1.6 | Gandel Retail | B | 131 | 8.52 | 16 | 7.4 | Ramsay Health | B | 428 | 0.83 | 15 | 3.6 |
| Aquarius Plat. | A | 826 | 6.80 | 62 | 0.2 | General Prop Tr | B | 278 | 7.05 | 14 | 7.3 | Reece Australia | A | 800 | 1.07 | 17 | 2.6 |
| Argo Investment | B | 500 | N/A | 27 | 3.2 | Graincorp | B | 1262 | 0.72 | 10 | 6.2 | Rinker Group | A | 582 | 1.09 | 11 | 1.2 |
| Aristocrat | B | 163 | 0.76 | 9 | 7.4 | Guinness Peat | B | 147 | 0.67 | 18 | 1.8 | Rio Tinto Ltd | B | 3428 | 0.93 | 15 | 3.0 |
| Aust Foundation | B | 339 | N/A | 26 | 3.9 | Gunn's Ltd | B | 1222 | 1.55 | 14 | 3.3 | Rural Press Ltd | A | 490 | 1.73 | 17 | 3.4 |
| Aust Pharm. Ind | B | 273 | 0.25 | 26 | 4.8 | Harvey Norman | B | 284 | 2.59 | 23 | 1.6 | SFE Corporation | A | 404 | 3.57 | 20 | 3.8 |
| Aust Stock Exch | B | 1348 | 6.65 | 24 | 2.9 | Hills Motorway | B | 405 | 0.81 | 20 | 5.2 | Santos Ltd | B | 572 | 2.15 | 10 | 5.2 |
| Aust Pipeline | B | 295 | 2.79 | 18 | 7.3 | Hills Indust. | B | 618 | N/A | NE | 3.4 | Seven Network | B | 540 | 1.04 | 24 | 4.4 |
| Aust Gas Light | B | 1078 | 1.04 | 16 | 5.1 | ING Indus Trt | C | 170 | 9.50 | 13 | 8.1 | Sigma Company | A | 645 | 0.51 | 29 | 2.1 |
| Austereo Group | B | 151 | 2.42 | 11 | 5.2 | ING Office Fund | C | 115 | 7.91 | 12 | 9.2 | Sims Group Ltd | B | 1026 | 0.59 | 13 | 5.3 |
| Australand Hold | B | 177 | 0.80 | 10 | 6.8 | Iluka Resources | B | 413 | 0.96 | 8 | 5.3 | Smorgon Steel | B | 119 | 0.41 | 10 | 6.7 |
| BHP Billiton | B | 1117 | 2.87 | 23 | 2.0 | Insurance Aust. | B | 397 | 1.44 | 44 | 2.9 | Sonic Health | B | 665 | 1.77 | 42 | 3.8 |
| BHP Steel Ltd | A | 488 | 0.72 | 8 | 4.5 | Interoil Corpor | B | 373 | N/A | NE | Nil | Soul Pattinson | B | 612 | 3.70 | 20 | 2.3 |
| Bank of O'land | B | 884 | 3.36 | 20 | 3.3 | Investa Prop. | B | 194 | 8.71 | 13 | 8.0 | Southcorp Ltd | B | 323 | 1.95 | 44 | 3.1 |
| Bank of W. Aust | B | 424 | 3.70 | 16 | 4.6 | Ivanhoe Mines | D | 1200 | N/A | NE | Nil | Spotless Group | B | 533 | 0.46 | 21 | 4.3 |
| Baycorp Advant. | D | 230 | 2.89 | NE | 1.7 | James Hardie | A | 746 | 2.87 | 59 | 1.3 | St George Bank | B | 2057 | 2.62 | 24 | 3.9 |
| Bendigo Bank | B | 897 | 3.30 | 20 | 3.7 | Leightons | C | 660 | 1.69 | 23 | 3.5 | Sthn C. Filers | C | 10855 | N/A | 12 | 8.3 |
| Bidvest | B | 410 | 0.24 | 13 | 2.8 | Leighton Hold | B | 92 | 0.54 | 19 | 4.4 | Sthn Cross Brd. | B | 880 | 1.42 | 30 | 6.5 |
| Billabong Int'l | A | 730 | 2.74 | 19 | 3.2 | Lend Lease US | B | 98 | 0.53 | 10 | 18.7 | Stockland | C | 476 | 5.70 | 17 | 6.7 |
| Boral Limited | A | 554 | 0.82 | 11 | 4.2 | Lend Lease Corp | C | 1045 | 0.45 | NE | 2.9 | Suncorp/Metway | B | 1197 | 1.25 | 17 | 4.7 |
| Brambles Ind. | C | 473 | 0.97 | 24 | 2.1 | Lihir Gold | C | 155 | 5.03 | 20 | Nil | TAB Ltd | B | 330 | 1.56 | 20 | 4.5 |
| Brickworks Ltd | A | 850 | 5.29 | 15 | 1.9 | Macquarie G Mgt | A | 221 | N/A | 33 | 2.3 | Tabcorp Holding | B | 1140 | 2.16 | 17 | 5.9 |
| Bristle Ltd | A | 365 | 1.91 | 14 | 4.4 | Macquarie Off. | C | 115 | 9.53 | 11 | 9.6 | Telstra | C | 490 | 2.92 | 18 | 5.5 |
| Burns Philp | B | 70 | 0.66 | 7 | 3.2 | Macquaries Air. | B | 172 | N/A | 34 | 3.2 | Ten Network | E | 232 | 1.32 | NE | Nil |
| Cwth Prop Off. | C | 115 | 2.37 | 11 | 9.0 | Macquarie Infra | C | 322 | 5.08 | 12 | 2.3 | Toll Holdings | B | 750 | 0.89 | 22 | 1.9 |
| C.S | | | | | | | | | | | | | | | | | |

Recommended Investments

In December 2002, **Cavalier Corporation** reported a "very strong" start to its new financial year - which has continued for the full period to 30 June 2003. Revenues rose 17.3% to \$193.2 million while profits soared 38.9% to \$18,263,000 (29.0 cents per share). A final dividend of 13.0 cents (plus full imputation tax credits) will lift the annual dividend rate 38.9% to 25.0 cents.

Cavalier Corporation remains in a strong financial position: The cash operating surplus rose 23.8% to \$22.9 million and interest bearing debts are moderate at \$32.2 million compared with Shareholders Equity of \$62.0 million.

The outlook also remains generally favourable: "turnover has been constrained by capacity more than sales demand" so "some slowdown in economic activity" is expected to have "little effect". In fact, Cavalier

Corporation is effectively a *building materials* business (i.e. most of its carpet goes into new homes) and the residential market remains very buoyant in both New Zealand and Australia. The company is "aiming to improve on the 2002/03 result in the current year" with a number of business initiatives and improvement programs, seeking "continuous improvement" to the business.

The **Microbial Technologies** venture has made "considerable progress". The company has entered discussions "with a number of potential interested parties from the veterinary medicines industry" who have worldwide marketing. This suggests that Cavalier Corporation will avoid the costs and risks of marketing this product, and seek to licence the technology to a multi-national company. *(Continued on Page 4)*

Portfolio of Recommended Investments

| CURRENT ADVICE | Company | Initial Recommendation Code | - Date - | Price | Perform- mance Forecast | Issued Shares (mil.) | Vola- tility Ratio | Price/ Sales Ratio | Price/ Earnings Ratio | Gross Dividend Yield | Recent Share Price | Cash Dividends Rec'd | Total Return % |
|--|------------------------|--------------------------------|----------|-------|-------------------------------|----------------------------|--------------------------|--------------------------|-----------------------------|----------------------------|--------------------------|----------------------------|----------------------|
| <u>NZ Shares</u> | | | | | | | | | | | | | |
| BUY | CDL Investments Ltd | CDI | 12/01/99 | 25 | C | 187.1 | 1.9 | 2.19 | 9 | 8.5 | 28 | 7.7 | +43% |
| HOLD | Cavalier Corporation | CAV | 05/12/95 | 156* | A | 63.0 | 0.7 | 1.62 | 17 | 7.5 | 497 | 111.0 | +290% |
| HOLD+ | Colonial Motor Company | CMO | 10/11/92 | 150 | B | 27.9 | 0.6 | 0.21 | 12 | 9.3 | 298 | 240.8 | +259% |
| BUY | Lyttelton Port Company | LPC | 12/12/00 | 150 | B | 102.0 | 1.0 | 3.10 | 14 | 8.9 | 185 | 25.0 | +40% |
| HOLD | Michael Hill Int'l Ltd | MHI | 11/06/91 | 46* | B | 38.4 | 0.6 | 0.72 | 16 | 6.0 | 425 | 127.0 | +1100% |
| BUY | Nuplex Industries Ltd | NPX | 11/02/97 | 350 | A | 61.3 | 0.8 | 0.39 | 11 | 7.5 | 400 | 77.5 | +36% |
| HOLD | Renaissance Corp | RNS | 13/08/96 | 85* | B | 37.1 | 1.5 | 0.17 | NE | 9.0 | 50 | 10.4 | -29% |
| BUY | Richina Pacific | RCH | 03/11/95 | 94* | D | 144.4 | 1.9 | 0.06 | 4 | Nil | 34 | 9.4 | -54% |
| HOLD | South Port New Zealand | SPN | 13/02/96 | 120 | D | 26.2 | 1.0 | 2.68 | 15 | 6.7 | 150 | 65.0 | +79% |
| BUY | Steel & Tube Holdings | STU | 08/08/00 | 146 | A | 87.9 | 0.9 | 0.98 | 15 | 9.4 | 366 | 63.0 | +194% |
| HOLD+ | Taylor's Group Ltd | TAY | 09/11/99 | 102 | A | 24.3 | 0.7 | 0.81 | 11 | 8.2 | 190 | 26.0 | +112% |
| HOLD | Wrightson Limited | WRI | 13/01/98 | 83 | B | 136.2 | 1.3 | 0.29 | 10 | 12.3 | 140 | 33.3 | +109% |
| <u>Australian Shares (in Aust cents)</u> | | | | | | | | | | | | | |
| BUY | Abigroup Limited | ABG | 09/03/99 | 265 | A | 47.7 | 0.6 | 0.21 | 18 | 2.4 | 330 | 53.0 | +45% |
| BUY | AJ Lucas Group | AJL | 13/05/03 | 120 | A | 45.2 | 0.7 | 0.84 | 14 | 4.9 | 154 | Nil | +28% |
| HOLD | Atlas Pacific Ltd | ATP | 14/05/96 | 73 | B | 87.8 | 1.7 | 1.82 | 6 | 12.8 | 24 | 7.0 | -58% |
| HOLD | Auspine Limited | ANE | 08/02/00 | 210 | B | 53.9 | 0.6 | 0.70 | 11 | 5.6 | 302 | 56.0 | +70% |
| HOLD+ | Austral Coal Ltd | AUO | 16/01/01 | 19 | C | 154.5 | 1.3 | 0.87 | 6 | Nil | 56 | Nil | +195% |
| HOLD | Biron Capital Ltd | BIC | 12/04/94 | 171* | C | 38.2 | 1.5 | 4.38 | 9 | 7.9 | 32 | 13.0 | -74% |
| HOLD+ | Campbell Brothers Ltd | CPB | 12/10/99 | 418* | B | 39.2 | 0.5 | 0.59 | 18 | 5.6 | 540 | 102.5 | +54% |
| HOLD+ | Candle Australia | CND | 08/04/03 | 86 | B | 37.6 | 0.8 | 0.32 | 14 | 4.8 | 136 | Nil | +58% |
| HOLD | Cellnet Group Ltd | CLT | 12/02/02 | 152 | C | 49.5 | 1.0 | 0.11 | 5 | 11.7 | 77 | 9.0 | -43% |
| BUY | Commander Comm. | CDR | 11/09/01 | 92 | A | 145.1 | 0.8 | 0.57 | 13 | 3.4 | 132 | 6.8 | +51% |
| BUY | Computershare Ltd | CPU | 12/08/03 | 189 | A | 544.1 | 0.9 | 2.11 | 45 | 1.8 | 275 | Nil | +46% |
| HOLD+ | IASbet Ltd | IAS | 11/02/03 | 180 | A | 41.0 | 0.9 | 2.23 | 11 | 4.2 | 168 | Nil | -7% |
| HOLD | Julia Ross Recruitment | JRR | 14/08/01 | 92 | C | 57.4 | 1.5 | 0.21 | 27 | 8.7 | 52 | 12.0 | -30% |
| HOLD | McPherson's Ltd | MCP | 10/10/00 | 125 | B | 41.0 | 0.5 | 0.57 | 15 | 3.2 | 378 | 31.0 | +227% |
| HOLD | Nufarm Limited | NUF | 11/02/97 | 418* | B | 155.7 | 0.6 | 0.48 | 12 | 4.0 | 447 | 106.3 | +32% |
| HOLD+ | OAMPS Limited | OMP | 15/05/01 | 132* | A | 74.3 | 0.5 | 0.37 | 13 | 5.2 | 325 | 24.3 | +165% |
| BUY | Skilled Engineering | SKE | 12/03/02 | 126 | B | 90.4 | 0.8 | 0.44 | 18 | 4.8 | 321 | 16.0 | +167% |
| BUY | Solution 6 Holdings | SOH | 15/07/03 | 59 | D | 251.6 | 1.3 | 0.72 | NE | Nil | 63 | Nil | +7% |
| HOLD | Toll Holdings | TOL | 08/09/98 | 60* | B | 309.8 | 0.6 | 0.89 | 22 | 1.9 | 750 | 35.5 | +1209% |
| HOLD | UXC Limited | UXC | 11/01/00 | 55* | A | 125.1 | 1.3 | 0.91 | 16 | 6.0 | 84 | 16.0 | +82% |
| HOLD | Villa World Ltd | VWD | 11/06/02 | 68 | B | 103.2 | 0.7 | 0.87 | 7 | 8.7 | 127 | 10.0 | +101% |
| BUY | Vision Systems Ltd | VSL | 10/11/98 | 69* | C | 167.5 | 1.0 | 1.52 | 17 | 3.3 | 121 | 22.1 | +107% |
| SELL | Volante Group Ltd | VGL | 13/03/01 | 132 | B | 68.1 | 0.9 | 0.22 | 18 | 6.8 | 117 | 17.0 | +2% |

The average Total Return (i.e. both Capital Gains/Losses plus Dividends received) of all current investments from initial recommendation is +131.6%. This is equal to an average annual rate of +30.8%, based upon the length of time each position has been held.

The average annual rate of gain of ALL recommendations (both the 35 current and 119 closed out) is +29.4%, compared with a market gain of +8.5% (by the SRC Total Return Index).

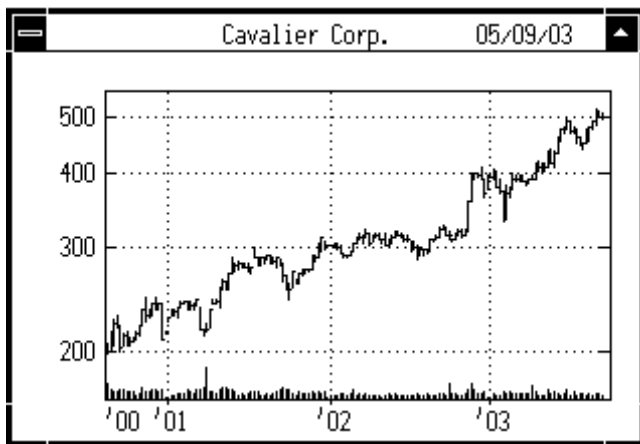
CURRENT ADVICE is either Buy, Hold+, Hold, Hold- or Sell. Hold+ indicates the most attractive shares not rated as Buy. Hold- indicates relatively less attractive issues.

* Initial Recommendation Prices adjusted for Share Splits, Bonus and Cash Issues.

Recommended Investments (Continued from Page 3)

At 500 cents, Cavalier Corporation shares trade on a Price/Sales ratio of 1.63, a Price/Earnings ratio of 17 and offer a gross Dividend Yield of 7.5%. That is not cheap - especially for a company that is sensitive to booms and busts of residential property construction. Nevertheless, the residential property market is likely to remain buoyant and Cavalier Corporation is being widely praised by brokers and the media. So the company should continue to experience favourable trading conditions over the next year and the shares should continue to perform well if they feature on a few broker and institution "buy" lists.

Of course, we prefer to buy a share when it is neglected and under-valued. Media reports calling Cavalier the "best carpet company in the world" make us a little uncomfortable! Nevertheless, the shares offer a high income yield and could rise further in value over the next year - so we continue to rate them as a "Hold".



Colonial Motor Company has recorded a slight increase in revenues, up 1.9% to \$390.0 million, for the year to 30 June. Trading profits dipped 15.6% to \$6,889,000 (24.7 cents per share) plus there was a \$1,975,000 capital gain on the sale of a property. The final dividend will be 2.5 cents lower at 9.5 cents, making an 11.9% lower 18.5 cents (plus full tax credits) for the year.

Operating cashflows fell sharply, down 64.5% to \$3.1 million, owing to an increase in debtors and stock at balance date.

Lyttelton Port Company's revenues were steady (i.e. down just 1.7%) at \$60.9 million for the year to 30 June. Trading profits were down 16.7% at \$13,575,000 (13.3 cents per share) and there was an unusual cost of \$1.95 million for redundancy costs. A final dividend of 7.25 cents (plus full imputation tax credits) makes a steady 11.0 cents annual payout.

The cash operating surplus fell 24.6% to \$15.7 million.

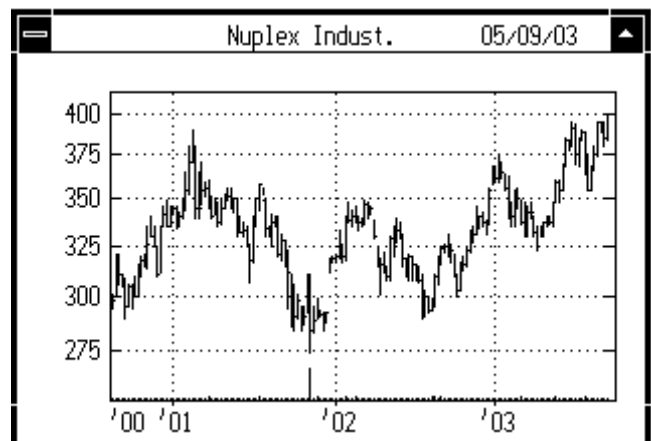
The company invested \$19.4 million in new fixed assets - mainly to expand its coal export capacity. This was partially financed by **Solid Energy** which advanced the company \$13.0 million against future coal handling fees (i.e. under the long term contract, Solid Energy is financing most of the capital cost of expanding Lyttelton Port Company's coal handling facilities).

Nuplex Industries lifted annual revenues 50.7% to \$635.1 million for the year to 30 June - helped by the acquisition of **Asia Pacific Specialty Chemicals**

(APS). Trading profits rose 17.7% to \$22,487,000 (36.7 cents per share, up 14.6%). A 1.5 cents higher final dividend of 10.5 cents lifts the annual dividend 17.6% to 20.0 cents. The dividends included full NZ imputation tax credits (for NZ resident investors) and the final dividend will include partial Australian franking credits (for Australian investors).

The business continues to generate strong operating cash flows, up 4.0% to \$39.1 million. Nuplex Industries borrowed about \$50 million to acquire APS (and now consolidates that company's debts in its balance sheet), yet interest bearing debts have risen only \$26.0 million to \$191.3 million over the year. That is a relatively high level of debt - Shareholders Equity is \$157.5 million - but the company's strong operating cashflows should result in further significant debt repayments over the next few years.

The directors are "confident of continuing our history of growth" over the next year and at 400 cents Nuplex Industries shares offer good value (i.e. trade on a low Price/Sales ratio of 0.39, a low Price/Earnings ratio of 11 and a Dividend Yield of 7.6%). The shares are in a favourable uptrend (i.e. the Relative Strength rating is +6.4%, ranked 30) so continue to rate a "Buy" for income and capital appreciation.



Richina Pacific lifted revenues 16.6% for the six months to 30 June and profits rose 3.0% to \$4,347,000. Adjusted for the "bonus element" in the recent 1 for 1 cash issue, earnings per share fell 34.5% to 3.0 cents.

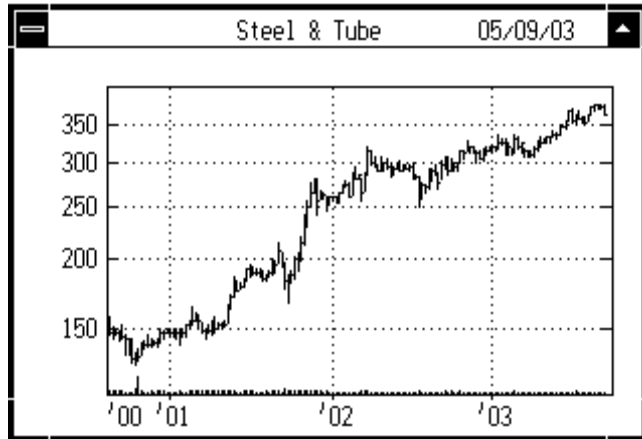
South Port NZ lifted revenues 3.4% to \$14.7 million for the year to 30 June. Profits dipped 2.6% to \$2,261,000 (10.0 cents per share) but the annual dividend rate will increase 3.8% to 6.75 cents (plus full tax credits).

Steel & Tube Holdings' revenues fell 0.8% to \$328.0 million in the year to June but profits grew 17.7% to \$21,522,000 (24.5 cents per share). A 20.0% higher final dividend of 12.0 cents will raise the annual dividend rate 21.1% to 23.0 cents (plus full tax credits).

Operating cashflows fell 19.9%, but remained strong at \$26.9 million. After spending \$24.8 million on an acquisition, interest bearing debts ended the year \$20.6 million higher at \$27.2 million. That, however, is still a low level of debt compared with Shareholders Equity of \$126.6 million.

The company expects "an improved result" for the new financial year to June 2004, helped by a full year contribution from **Hurricane Wire Products** that was acquired in April 2003.

Steel & Tube Holdings shares continue to trade at an attractive valuation (i.e. a P/S ratio of 0.98, a P/E ratio of 15 and Dividend Yield of 9.4%), the shares are in a long term uptrend and the company is in a strong financial position (i.e. could finance acquisitions for growth or make higher distributions to shareholders). Therefore we continue to rate the shares a "Buy" - despite having almost *tripled* in value since our initial buy recommendation three years ago!



Taylor's Group increased revenues 6.8% to \$57.3 million for the year to June 30. Profits rose 29.6% to \$4,274,000 (17.6 cents per share) and a 1.5 cents higher final dividend of 6.0 cents will lift the annual dividend 23.5% to 10.5 cents (plus full tax credits).

The cash operating surplus rose 81.7% to \$7.9 million, allowing the company to reduce interest bearing debts by \$4.1 million to just \$3.3 million!

Wrightson has reported steady revenues (i.e. down less than 0.7%) of \$664.9 million for the year to 30 June. Profits declined just 11.9% to \$18,510,000 (13.6 cents per share). A final 8.0 cents dividend (plus full imputation tax credits) will make a steady 11.5 cents for the year.

Wrightson remains in a strong financial position. The cash operating surplus rose 28.9% to \$32.7 million and cash on hand (i.e. cash in the bank, less overdrafts) rose to \$8.0 million (5.9 cents per share), with no other interest bearing debts.

While the rural sector is likely to contract further over the next year, Wrightson "anticipates another satisfactory year". With its strong cash flows and debt-free balance sheet the company is well placed to continue paying high dividends. This high income yield could see some further moderate capital appreciation in the share price over the next year to around 150-170 cents. That is, the shares still offer a high 12.3% gross dividend yield *and* the potential for up to 20% capital appreciation over the next year, so we rate them a "Hold".

We initially bought into Wrightson *too early* and paid *too much* but have since sought to improve our investment timing with the development of our *Comprehensive Share Selection Criteria*. Those investors, however, who added to their Wrightson shareholding in late 1998 or 1999 at prices around 35-40 cents are now receiving an annual 40-50% gross income return and have seen their investment increase 3-4 fold in value. These investors - who are now over-weighted in Wrightson shares - should realise profits on 25-35% of this holding to free up capital for re-investment

in newer recommendations that offer better growth potential over the next several years.



Australian Shares

(This section is in Australian currency, unless stated).

Abigroup's revenues recovered 28.3% to \$749.9 million in the year to 30 June 2003. Trading profits rose 21.4% to \$8,726,000 (18.3 cents per share), before a one-off write down of goodwill of \$2.3 million. A final 4.0 cents keeps the annual dividend unchanged at 8.0 cents.

Operating cashflows - which can fluctuate owing to the completion of major projects - were particularly strong at \$47.3 million, up from a healthy \$13.4 million in 2002. This strong cashflow, plus an \$11.1 million increase in interest bearing debt has boosted Abigroup's cash holding \$36.9 million to \$59.8 million.

This result understates the profitability of Abigroup's core construction business, with profits depressed by writing off \$4.5 million in costs associated with an unsuccessful bid for the \$850 million **Lane Cove Tunnel BOOT** project and \$10.5 million in losses from the **Sydney SuperDome**.

Abigroup has strong growth potential over the next two years. Revenues are expected to increase 17% to \$880 million for the year to June 2004 - and we would expect higher margins (i.e. and significantly higher profits) on this work. The main source of growth in Shareholder wealth, however, could likely come from its investment in infrastructure projects.

Abigroup's \$15 million investment in **Hills Motorway**, for example, now contributes \$3.2 million in annual dividend income to the company and has a market value of \$91.1 million. Hills Motorway *may* soon make a special \$1 per unit distribution as part of a refinancing package - which will return a further \$15 million in cash to Abigroup. The investment in the **Sydney SuperDome** has been unsuccessful to date, but its \$10.5 million pre-tax loss is deductible against other group income and \$4.0 million of that is a (non-cash) depreciation claim.

Abigroup will now build (in a joint venture with **Leighton**) the \$1,500 million **Western Sydney Orbital** which has been renamed **Westlink M7**. Abigroup will invest \$100 million to own 100 million **Westlink** shares (10% of the company that will own and operate the Westlink M7). Under the joint venture agreement, Abigroup is required to transfer 50 million of these shares to **Macquarie Infrastructure** and **Transurban** at \$1 per share *(Continued on Page 6)*

Recommended Investments (Continued from Page 5) when the project is completed in 2007. These partners will also have the option to acquire a further 25 million shares. Abigroup will be free to sell or retain its remaining 25 million shares. So effectively Abigroup is financing 10% of this project (i.e. \$100 million) during construction, will receive \$750 million in construction work over the next 3½ years, and then receive back \$50-75 million of its initial investment and own 2.5-5.0% of the equity in the company that operates this toll road.

An Abigroup consortium, together with Leighton and Transurban, is one of two groups shortlisted to tender for the \$2,000 million **Mitcham-Frankston Motorway**.

Atlas Pacific has reported a 29.7% drop in revenues to \$6.0 million for the six months to 30 June. Profits fell 72.7% to \$906,643 (1.0 cents per share). No interim dividend will be paid - down from the 2.0 cents last year.

The drop in revenues reflects three unfavourable factors: Firstly, poor quality pearls from re-seeded oysters. As previously reported, the company will no longer re-seed oysters - which was initially expected to produce larger, higher value pearls. Secondly, unfavourable climatic conditions in 2001 and 2002 reduced the production of juvenile oysters, from which pearls are now being harvested. Thirdly, prices are lower reflecting "reduced global demand" which is probably a result of the economic recession as well as lower pearl jewellery production from the closing of manufacturing in Hong Kong earlier in the year owing to SARS.

Costs have also increased - further depressing short term profitability - owing to increased expenditure to achieve the company's long term growth strategies.

Operating cash flow was a negative \$1.0 million (i.e. the company spent more than it received), down from an inflow of \$3.4 million a year earlier. Atlas Pacific, however, still remains in a sound financial position, with cash of \$3.8 million and no interest bearing debt, but the payment of dividends is not prudent at this time.

In late August the company offered further pearls for sale by auction with further poor results "reflecting the current global uncertainty in the pearl market". 50% of the pearls were sold, realising a further \$2,007,000 and the company will seek to sell the remaining pearls before the end of this year.

Given the environmental and economic factors that impact upon a one product company like Atlas Pacific, some bad operating periods must be expected. The company is debt free, with significant cash holdings, so is in a strong financial position to survive such downturns and to continue to invest in long term expansion. Such a downturn will probably offer a buying opportunity - but we would prefer to wait until the share price has stabilised and the business is showing signs of recovery rather than buying more shares too early. "Hold".

Auspine lifted revenues 10.7% to \$231.9 million for the year to 30 June, but profits soared 47.6% to \$14,911,000. The company's on-market share buy-back reduced the issued capital by 5.3%, so earnings per share increased 55.9% to 27.6 cents. Cashflow from operations increased 46.2% to \$34.4 million. A 9.0 cents final dividend lifts the annual rate 21.4% to 17.0 cents.

Auspine aims to become self-sufficient in timber, with 44,000 hectares of plantation timber on a 28 year growing cycle from which it harvests and replants 1400-1500 hectares annually.

Austral Coal has revised its mine plan to lift coal production 28% over its previous expansion plan. This requires \$25 million in additional capital investment - \$13 million to expand the new conveyor belt capacity from 1200 tonnes per hour to 1600-2000 tonnes and to upgrade the coal preparation plant, plus \$13 million for underground development and seam drilling to allow higher longwall development rates. This will be funded mainly from a \$22 million issue of convertible notes.

Overall this additional expansion will increase the value of the mine by \$53 million - based upon discounting expected additional cash flows at 12% per annum.

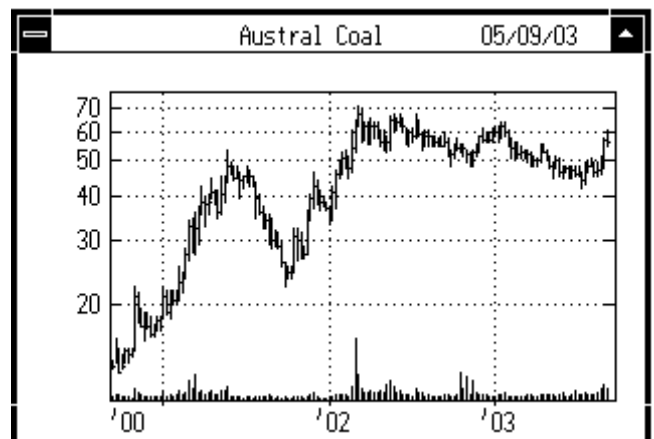
The convertible notes are an attractive investment but the issue is open to any investor. Existing shareholders have been sent a prospectus - and we recommend applying for some convertible notes - but the issue will likely be over-subscribed and applications scaled back.

The convertible notes will be issued at 55 cents, pay interest at 9.5% (i.e. 5.225 cents per year) and investors may convert them to one ordinary share or be repaid in cash after three years.

For the six months to 30 June, Austral Coal reported a 32.9% fall in revenues to \$41.5 million, with profits down 70.8% at \$2,133,000 (1.4 cents per share). No saleable coal has been produced since May owing to the upgrading of the wash plant. Revenue and profitability was also depressed owing to the US\$2/tonne reduction in the price of coal and high value of the Australian dollar. Costs were also higher with extra "grunching" through a "disturbed and high gas zone" to prepare panel 21 for mining. New mining rules - allowing higher gas content in coal - have reduced operating costs since July.

Profitability will improve in the second half, with the full year's production of just 1.7 million tonnes yielding a net profit in excess of \$10 million (6.4 cents per share) - but down about 25% on last year.

Production of saleable coal is expected to reach 2.8 million tonnes in 2004, rising to 3.4-3.5 million tonnes in 2006 and 2007. Within the next couple of years Austral Coal should begin paying dividends and become a high income share. The potential for further capital appreciation is probably limited, although the shares could still rise to around 70-90 cents over the next year or two.



Biron Corporation lifted trading revenues 104.9% to \$2.7 million for the year to 30 June, with profits rising 239.5% to \$1,385,000 (3.6 cents per share, up 125%). A final 1.5 cents dividend will lift the annual dividend rate 200.0% to 3.0 cents.

At balance date the company had Shareholders Equity of \$16.7 million (43.8 cents per share), with \$5.6 million in cash and \$11.2 million in mezzanine property loans. The company's median loan during the year was \$1.6 million, but two large loans, totalling \$6.8 million (i.e. 60% of loan receivables) were "past due and outside contractual terms" at balance date, but secured by second mortgages and guarantees. While Biron will probably recover all of the outstanding principal and interest, this situation is not uncommon in this type of business and highlights the risks involved in short term mezzanine financing.

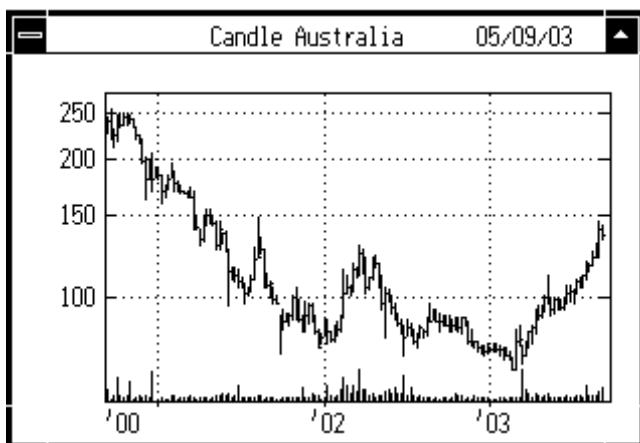
Biron plans to expand its loan portfolio to about \$26 million and has arranged a revolving credit facility of \$10 million. While expansion of the loan portfolio increases the potential for profit, it also raises the potential risks from bad debts.

Biron has entered a business that can be very profitable, but one that is also risky. Using outside credit to expand the loan portfolio will result in economies of scale (i.e. better utilisation of overheads), so profits *could* rise substantially over the next year or two and the shares *could* appreciate to trade at a 30-80% premium to their net asset value (i.e. rise to 55-80 cents). This, however, is a risky business so we shall continue to rate the shares only a "Hold". Biron shares now offer a high income - which we will re-invest elsewhere in our portfolio.

Candle Australia's revenues fell 8.6% to \$162.1 million in the year to 30 June although profits rose 16.8% to \$3,532,000 (9.4 cents per share). A final dividend of 3.5 cents will lift the regular annual dividend payout 30.0% to 6.5 cents. In addition, the company will pay a special 2.5 cents dividend.

Operating cash flows rose 46.8% to \$8.6 million, allowing the company to reduce interest bearing debts by \$7.0 million to just \$3.0 million. This almost debt free position explains the special dividend which distributes surplus cash to shareholders.

Candle is "positioned for market recovery" and "confident of further profit growth over the next twelve months".



Cellnet Group has lost the right to distribute **Nokia accessories** (i.e. they have never sold Nokia phones) from late September. This will result in the loss of about \$20 million in annual revenues (i.e. about 6% of total revenues) but up to \$1.5 million in net profit (i.e. about 20-30% of total profits).

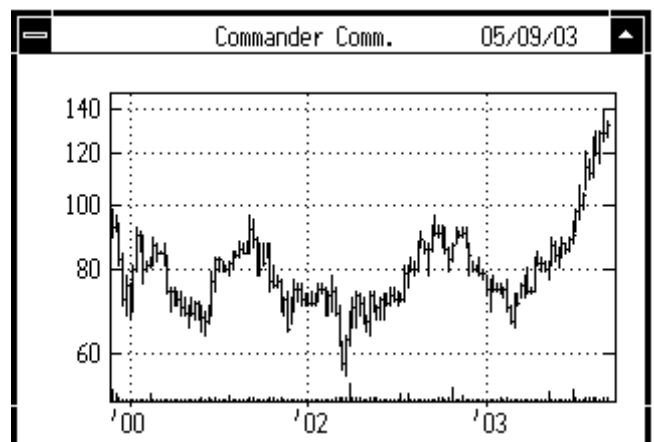
Cellnet Group has a modern and efficient warehousing and distribution business - but needs more favourable conditions (i.e. an improvement from the recently depressed mobile phone market), new products and greater volumes to utilise these facilities and achieve its profit potential.

Commander Communications lifted revenues 67.0% to \$333.6 million in the year to 30 June 2003. Profits of \$15,210,000 (10.5 cents per share) were 51.2% higher than the previous year which was depressed by restructuring costs. A final 2.4 cents dividend lifts the annual dividend rate 66.0% to 4.15 cents.

Operating cash flows fell 27.9% to \$11.3 million, but mainly owing to a reduction in creditors since acquiring **RSL Com**.

Commander Communications expects a poor first half to the new financial year owing to its change in strategic direction (i.e. from a retail to a wholesale purchaser of telecommunication services). This will lead to higher "customer churn" (company speak for the loss of some current customers) and the resulting loss of rental and service income. The company will also lose network commission from **Telstra**, which contributed \$4.6 million last year. Second half profits, however, are expected to "improve strongly" as the company purchases wholesale telecommunications services through RSL Com and re-sells network and bundled services (i.e. equipment, financing and telecommunications packages) to its customers.

Three months contribution from RSL Com added \$55.8 million to revenues and \$960,000 to net profits, so a full year's contribution should add a further \$167 million to revenues and \$2.9 million to profits in the current year to June 2004 - in addition to synergies from re-selling wholesale services through its original business.



Computershare's revenue for the year to 30 June fell 9.3% to \$708.6 million, with trading profits 40.1% lower at \$32,898,000 (6.0 cents per share). Restructuring costs of \$24.9 million reduced the bottom line profit to \$8.0 million. As expected, a final 2.5 cents dividend lifts the annual payout 100.0% to (Continued on Page 8)

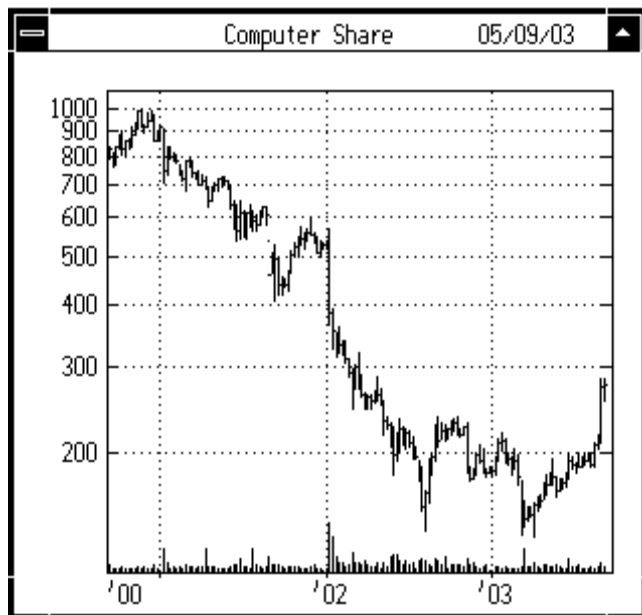
Recommended Investments (Continued from Page 7)

5.0 cents.

Despite the decline in profitability, operating cash flows remained very strong at \$76.2 million (down 4.0%). Interest bearing bank debt rose \$29.7 million over the year to \$138.5 million - mainly as a result of the \$38.4 million spent on the on-market share buy-back. Cash on hand fell \$13.5 million to \$60.8 million (11 cents per share).

For the new financial year (i.e. to June 2004), Computershare is forecasting a 5-20% increase in earnings (before interest, tax and depreciation) to \$140-160 million. That could increase net profits by 10-50%. The company's revenues and profits are also sensitive to the volume of activity (i.e. trading, takeovers, IPOs) on the stockmarket, so a continuation of the current stockmarket recovery would also be extremely favourable for Computershare.

Computershare has risen 45% over the last month - but if the global stockmarket recovery continues then the share price will move significantly higher over the next several years. "Buy".



Julia Ross Recruitment's revenues fell 5.0% to \$144.7 million for the year to 30 June while profits fell 81.2% to \$1,111,000 (1.9 cents per share). The final dividend will be cut 50.0% to 1.5 cents, making a 25.0% lower 4.5 cents for the year.

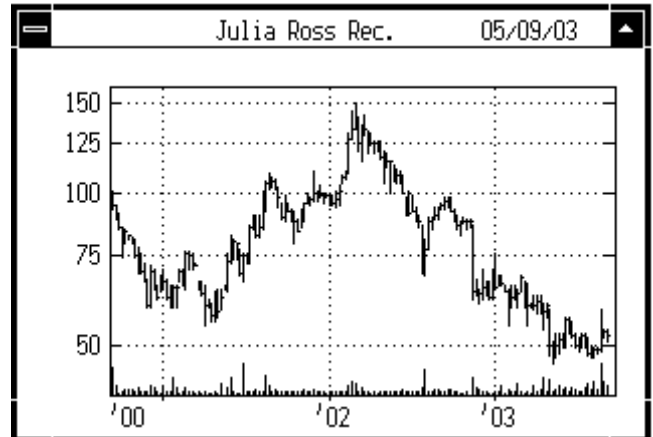
The second half resulted in a loss of \$331,000 after writing off deferred expenditure of \$427,000 (pre-tax) and \$110,000 (pre-tax) relating to due diligence for a potential acquisition that was not purchased.

Julia Ross Recruitment has successfully re-tendered existing *Preferred Supplier Agreements* (PSA) with all major customers "without significant margin sacrifice" in a difficult market for temporary office staff. The company has also won new business with ten new PSA requiring "significant investment" which has been expensed (and depressed profitability) over the period.

The company believes the market is improving, with the upturn in demand in May and June continuing into the new financial year.

Our investment gains on Skilled Engineering and

Candle Australia demonstrate the potential investment returns *possible* from this type of business, but these companies operate in different sectors of the recruitment/labour hire market and so experience different cyclical trends. Skilled Engineering, for example, experienced significant losses in late 2000 - and then recovered strongly in 2002 and 2003. When Julia Ross Recruitment's business shows further sign of improvement - and the share price trend improves (i.e. they have a *positive* Strength Rating) we shall upgrade the shares to a "Buy", although we currently continue to rate them as just a "Hold".



OAMPS lifted revenues 52.9% to \$664.9 million for the year to 30 June, with profits up 43.7% to \$18,102,000. Earnings per share, adjusted for the 1:2 bonus issue were 31.0% higher at 24.2 cents per share. A final dividend of 10.0 cents will make a 27.5% higher 17.0 cents payout.

This is a strong cashflow business which generated a 64.9% higher cash surplus from operations of \$39.9 million.

OAMPS has also announced the acquisition of two general insurance businesses: **AD Irvine Insurance** and **Wedge Brokers** which will add 400 clients and \$4.3 million in annual insurance premiums to the group.

While some other insurance stocks have rallied over the last few weeks (from previous significant falls), OAMPS shares continue to appreciate steadily in value - increasing more than 2½ fold in less than 2½ years since we bought into this company. Despite that significant gain, at 325 cents OAMPS shares still offer good value, trading on a low Price/Earnings ratio of 13 and a Dividend Yield of 5.2% (or 12.9% on our cost). The company also continues to hold good growth potential, so the shares remain a "Hold" for high income and further capital appreciation.

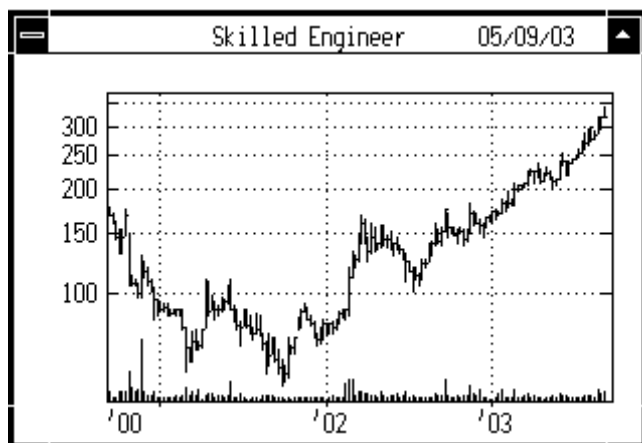
Skilled Engineering lifted revenues by 13.0% to \$656.5 million for the year to 30 June and profits soared 57.2% to \$16,122,000 (17.8 cents per share). A 9.5 cents final dividend lifts the annual dividend 55.0% to 15.5 cents.

Operating cash flows fell 46.9% to \$14.8 million - mainly owing to an \$11.7 million increase in debtors. Interest bearing debts were reduced slightly, down \$3.7 million to a low \$13.6 million.

Since August, Skilled Engineering has been self-insured for *Workers Compensation* in South Australia.

The initial setup and transfer of claims will cost the company about \$1 million (pre-tax) in the half year to December 2003, but should result in cost savings of about \$500,000 in the second half of the year and on-going cost savings of about \$1 million annually.

The trend to outsourcing offers Skilled Engineering long term growth potential - but the company remains sensitive to economic cycles. Those cyclical factors enabled us to buy in *at the right time* and *at the right price* - allowing us to earn a very high income yield (i.e. 12.3% on cost) and significant capital appreciation (i.e. up better than 2½ fold in 18 months). Achieving our initial expectation that the shares offered the “potential to appreciate to new highs around 400-500 cents” (i.e. up 3-4 fold) “over the next 2-4 years” would see the shares rise a further 25-55% over the next 1-2 years. A *slow* global economic recovery *could* offer a longer than expected period of steady growth for Skilled Engineering and the shares should remain attractive for income and capital appreciation *until* the next recession.



Solution 6 has reported a 32.4% drop in revenues to \$220.3 million for the year to 30 June, but this is a result of selling its IT services business. Revenue from its Professional software business rose 13.4% to \$186.1 million. The company lost \$14,131,000 (minus 5.6 cents per share). No dividend will be paid. The cash surplus from operations fell 55.9% to \$6.2 million.

In our initial recommendation of Solution 6 we incorrectly stated the company made a first half trading profit of \$6,267,000 with write-downs taking that to a total loss of \$12,360,000 when the full amount was actually a *loss* from trading. The full year result therefore shows a close to break-even (i.e. a loss of just \$1,771,000) for the second half of the year. While this is not as good as we previously reported it does show the improving trend towards emerging profitability.

Solution 6 invested heavily in Research & Development, spending \$43.2 million on new products and to upgrade existing ones. All of this R & D has been written off as an expense in the current year, but is expected to yield strong revenue growth and efficiency gains to reduce on-going operating costs. Once through the current redevelopment phase the expenditure on R & D can be expected to decline - with a similar increase in profitability.

Solution 6 shares trade on an extremely low Price/Research ratio of 3.7 - *below* the range of 5 to 10 which is considered to offer good value! It also trades on a low

Price/Sales ratio of 0.72, but should develop into a high profit margin business - which would justify a *high* P/S ratio. *Insiders* are buying Solution 6 shares on market and the shares are in a new uptrend (i.e. the Relative Strength rating is +23.1%, ranked 13). “Buy”.

GPG has increased its holding in Solution 6 to 47,171,468 shares (18.75%).



Toll Holdings increased group revenues 24.8% to \$2,603.5 million for the year to 30 June. Profits rose 43.0% to \$106,067,000 (34.3 cents per share, up 27.4%) and the final 8.0 cents dividend raises the annual rate 45.0% to 14.5 cents per share.

Operating cashflows rose 39.8% to \$146.3 million. As Toll Holdings continues to expand rapidly, interest bearing debt increased \$89.7 million to \$351.2 million but this is a moderate level of debt compared with Shareholders Equity of \$628.2 million or the company's \$2,300 million market capitalisation.

Toll Holdings expects the current year to produce “another record profit” with results over the last two months “well ahead” of the previous year.

At 750 cents, Toll Holdings shares trade on a Price/Earnings ratio of 22 and offer a Dividend Yield of only 1.9%. That is not *cheap* - but a P/E ratio of 22 is good value for a company growing at 30% per annum. Total freight volumes are expected to grow about 5% per annum over the long term, while Toll Holdings continues to expand its market share. So above average growth could continue for some time.

Investors who are heavily over-weighted in Toll Holdings *could* realise some partial profits (to help finance investment in recent new recommendations) but otherwise Toll Holdings shares remain a sound “Hold”. Although the dividend yield is low based upon the current market value of the shares, it does yield 24.2% on our initial cost price - so this investment does produce a high income for our portfolio!

Toll Holdings has raised its offer for **Tranz Rail** to NZ\$1.10 - which should ensure the success of this takeover.

(Continued on Page 10)

Recommended Investments (Continued from Page 9)
UXC's revenues for the year to 30 June were \$115.4 million with profits of \$6,672,000 (5.3 cents per share). A final 3.0 cents dividend leaves the annual payout steady at 5.0 cents.

UXC hopes to boost revenues to around \$180 million (up about 55%) over the new financial year to June 2004 - helped by spending up to \$30 million on new acquisitions - and "are confident that UXC will achieve a significant improvement in revenues and earnings in the current year".

UXC's **Skilltech** subsidiary won new and renewed meter reading contracts worth \$13 million in revenues. These include (1) a three year renewal (with provision to extend for another two years) of the Victoria gas reading contract, (2) a one year extension of its contract with **Ergon Energy**, (3) a new three year meter reading contract for **Brisbane Water** and (4) a new contract to replace 150,000 water meters over the next three years for the **Water Corporation** in WA.

UXC has also acquired two businesses: **Aerial Hoisting Services** (involved in maintenance and inspection of power poles and street lighting under a long term contract with **Energy Australia**) and **I-Training Solutions** (which generates \$2.2 million in annual revenues from corporate training and which will be merged with existing UXC training businesses).

Villa World reported a 30.4% drop in revenues to \$150.2 million for the year to 30 June but profits jumped 47.6% to \$19,639,000 (19.0 cents per share). A 1.0 cent higher final dividend of 6.0 cents will lift the annual dividend 22.2% to 11.0 cents.

The lower revenue but higher profit results from a change to "a smaller number of higher yielding projects". For the year to June 2004 the company believes the outlook is "very positive". The company has many land development projects in South East Queensland where there is a "shortage of development land" but demand is high and section prices have risen strongly. The company expects "a small increase in profit" - but regularly outperforms its own forecasts - "subject to a continuation of the current strong market conditions".

The 92 bed **Burpengary Gardens Aged Care Hostel** in Brisbane has been purchased for \$10,750,000 by a Villa World joint venture with **Guardian Aged Care** who will manage the facility. Villa World will receive a 50% profit share and a "fee for funding the acquisition". This purchase is described as "an opportunistic investment" but Villa World is "currently considering increasing its level of participation in this growing industry".

At 127 cents, Villa World shares trade on a Price/Earnings ratio of 7 and a Dividend Yield of 8.7%. When we first recommended Villa World shares, just 15 months ago, we saw this as a *no-growth, cyclical* investment that was under-valued and could appreciate to around 100-140 cents by mid-2004. In April 2003 we upgraded that price target to 130-160 cents. It is, of course, important to avoid becoming *more optimistic* as a cyclical company recovers and continuously upgrading expectations or pricing it like a *growth* company! On the other hand, shares can fluctuate to extremes of value -

so if *other* investors want to eventually value Villa World as a growth company and push the price higher, then we are happy to hold our shares and let our profits run!

Villa World has a good mix of short term and long term development projects to produce on-going profits over future years, As market conditions remain favourable the shares continue to offer a high income return and the potential for further appreciation over the next 6-18 months. "Hold".

Vision Systems' trading revenues rose 12.6% to \$133.1 million while trading profits fell 2.8% to \$11,776,000 (7.0 cents per share). A final 2.0 cents dividend lifts the annual dividend rate 2.6% to 4.0 cents.

The **Fire & Security** division lifted revenues 8% to \$86.7 million with earnings up 39% to \$11.0 million. **Vision BioSystems** total revenues rose 282% to \$21.8 million owing to the acquisition of **Novocastra Laboratories** that contributed \$17.3 million in revenues. This division consists of Instruments which lost \$4.2 million (from development and start-up costs) and earnings of \$9.7 million from Novocastra. The **Invetech** division saw revenues slip 14% to \$22.1 million with earnings down 66% to \$2.6 million.

Development of the *Bond-X* cancer detection equipment has been delayed owing to "a longer R & D phase" and will be released in Europe in September this year and the United States in January 2004. The *Bond-MAX* equipment will be available from February 2004.

Vision Systems spent a massive \$35.8 million on Research & Development over the last year - which puts the shares on a very low Price/Research ratio of 5.7 (i.e. the shares are *cheap* relative to the amount the company invests in R & D). R & D expenditure is expected to decline to about \$22 million this year.

Vision Systems is also seeking to raise \$35.0 million through a convertible note issue at 160 cents, paying interest at 9.0%. This will be used to repay existing interest bearing debts of \$19.2 million (i.e. bank debt of \$8.0 million and medium term notes of \$11.2 million). The remaining \$15.8 million will finance working capital for "business expansion resulting from the launch of four recent new products and the planned launch of another four major new products over the next twelve months".

Unlike the Austral Coal convertible notes, these Vision Systems notes are being priced at a premium to the ordinary share price of 121 cents. So investors interested in tax free capital appreciation will prefer to buy the ordinary shares at 121 cents on-market with a 3.3% current income yield which should rise as profits increase over the next five years.

The convertible notes will be attractive to lower risk investors interested in current income. The risk is low as investors have the option to receive repayment in cash at 160 cents (if Vision Systems shares fail to appreciate over the next 5¼ years) or to convert each note into one share (if the ordinary share price rises above 160 cents). So the note holders have less risk and a higher initial income yield, but miss out on the first 33% appreciation in the share price. In effect, these notes are an attractive *fixed income investment* offering 9% interest *plus* capital

appreciation if the ordinary shares rise above 160 cents.

We rate Vision Systems shares a "Buy", believing that the shares will appreciate strongly over the next few years. At 121 cents, the shares trade on a Price/Sales ratio of 1.52, a Price/Earnings ratio of 17 and a Dividend Yield of 3.3% - so offer reasonable value for a company that aims to earn high profit margins but is still suffering from development costs and start-up losses on new products. New products offer strong potential for future growth - and on-going sales on high profit margin reagents. *Insiders* have been buying strongly over the last year (i.e. 8 buys and no sells). The Relative Strength Rating is still a bit *weak* at -4.2%, ranked 74, but increasing rapidly and likely to turn *positive* within the next 2-3 weeks.



Share Recommendation: Sell Volante Group

SELL Australian listed Volante Group (code VGL).

We are recommending the sale of shares in Volante Group to release funds that we believe can be better invested elsewhere. Volante Group shares have risen strongly over the last month - in line with the current recovery boom in Technology share prices - but, in this case, we feel this offers an opportunity to realise this investment.

We purchased Volante Group shares in March 2001 - soon after its merger with **AAG Technology** which doubled the size of this business. We believed this merger had the potential to produce economies of scale and improve profitability. Volante Group is the largest seller of computer hardware - a business that is fragmented with many small businesses which the company believed it could acquire and profitably integrate within its group. Unfortunately, this market has remained very competitive and has contracted in size. Volante Group also failed to significantly expand its business with further acquisitions.

We also saw the potential for significant benefits from the merger of the two companies' *Technical Services and Consulting* businesses. Volante Group saw the merger providing the "scale necessary to win major contracts" - but unfortunately this sector has also remained depressed. Profitability in the consulting businesses suffers from billing out only a low percentage of employees time. We hoped the merger would allow economies of scale and efficiencies. Lifting the billing percentage would increase revenues - with no increase in labour costs - so would significantly boost the profitability of this business. While market conditions have been difficult, the failure to make progress suggests that improving the economies of the consulting business

will probably remain elusive.

Although the business environment has been difficult, Volante Group has been well managed and has successfully sought to maximise its cash operating surpluses. So despite the fall in profitability, cash flows have remained strong - allowing the company to maintain a high dividend payout and a strong balance sheet.

Volante Group has not been able to achieve the economies of scale we expected. Nor has it been able to use its large size and efficiencies to cheaply acquire smaller competitors. Consulting has failed to offer the high profit margins we had hoped would be achievable. Instead the business has slowly contracted in line with the industry.

We therefore believe that Volante Group's value and potential has diminished over the last 2½ years while other companies have become relatively more attractive and hold better potential for future gains. The recent rise in the price of Volante Group shares offers the opportunity to realise good value for our shares and release funds for newer investments.



Computer Selections of NZ Shares based upon our Comprehensive Share Selection Criteria

See "Market Analysis" issues 298-301 or the Reprint sent to all new subscribers for details. These shares are not formal "buy" and "sell" recommendations, but the "Under-Valued", "Best Performing" and "Income" shares should be considered for purchase, while the "Over-Valued" and "Worst Performing" shares can generally be sold to release money for re-investment in more attractive shares.

| STRENGTH RATING | | | | | | | | | | | | | STRENGTH RATING | | | | | | | | | | | | | | |
|---|-------------|-----------|----------|-----------|------------------|-------------------|--------------|------------------|--------------|------------------|------------|-------------------|-----------------|---|-------------|-----------|----------|-----------|------------------|-------------------|--------------|------------------|--------------|------------------|------------|-------------------|--------------|
| Company | Share Price | Cur. rent | 4Wk Chg. | Rank 0-99 | Insider Buy-Sell | Brokers Following | Price to NTA | Return on Equity | Vola-til-ity | Price Eam. Ratio | Div. Yield | Price Sales Ratio | Market Cap'n | Company | Share Price | Cur. rent | 4Wk Chg. | Rank 0-99 | Insider Buy-Sell | Brokers Following | Price to NTA | Return on Equity | Vola-til-ity | Price Eam. Ratio | Div. Yield | Price Sales Ratio | Market Cap'n |
| UNDER-VALUED SHARES: Lowest Price/Sales, Yld > 0, Rel Strength > 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Owens Group Ltd | 104 | +9.0 | +2.1 | 22 | 0-0 | 3 | 1.8 | 8 | 1.2 | 21 | 2.9 | 0.13 | 59 | Steel & Tube | 366 | +8.3 | +0.3 | 24 | 0-0 | 5 | 2.5 | 17 | 0.8 | 15 | 9.4 | N/A | 322 |
| Renaissance | 50 | +34.6 | +20.8 | 1 | 0-0 | - | 2.0 | - | 1.5 | NE | 9.0 | 0.17 | 19 | Skellmax Indust | 112 | +4.9 | -1.4 | 39 | 0-0 | - | 4.3 | 49 | 0.8 | 9 | 9.3 | 1.16 | 112 |
| Mainfreight Grp | 128 | +5.4 | -2.9 | 37 | 0-1 | 4 | 1.9 | 17 | 1.0 | 11 | 7.6 | 0.25 | 103 | Hallenstein G. | 300 | +3.1 | -0.0 | 44 | 1-0 | 4 | 4.1 | 27 | 0.5 | 15 | 9.2 | 1.00 | 177 |
| Wrightsons Ltd | 140 | +6.0 | +3.8 | 34 | 0-0 | 3 | 1.5 | 15 | 1.3 | 10 | 12.3 | 0.29 | 191 | Lytelton Port | 185 | +6.6 | +0.3 | 28 | 4-1 | 5 | 3.8 | 27 | 0.7 | 14 | 8.9 | 3.10 | 189 |
| Broadway Ind | 54 | +15.5 | -1.0 | 7 | 1-0 | - | 1.2 | 15 | 1.1 | 8 | 3.7 | 0.30 | 11 | Powerco Limited | 169 | +3.9 | -1.1 | 41 | 0-0 | 4 | 0.9 | 7 | 0.5 | 14 | 8.3 | 2.33 | 534 |
| Allied Farmers | 205 | +0.6 | +0.8 | 58 | 0-0 | - | 1.2 | 13 | 0.9 | 9 | 8.0 | 0.31 | 22 | INSIDER BUYING: Most Insider Buying, Relative Strength > 0 | | | | | | | | | | | | | |
| Williams Kettle | 414 | +1.2 | +0.1 | 53 | 0-0 | - | 1.3 | 15 | 0.5 | 9 | 8.3 | 0.33 | 61 | NZ Invest Trust | 520 | +9.4 | +2.9 | 20 | 8-0 | - | - | 0.4 | NE | 1.6 | N/A | 53 | |
| Ebos Group Ltd | 310 | +0.8 | +0.1 | 55 | 0-1 | - | 2.0 | 15 | 0.7 | 13 | 7.9 | 0.38 | 85 | Cedenco Foods | 230 | +9.6 | +7.4 | 18 | 7-0 | - | 1.3 | 15 | 0.5 | 8 | Nil | 1.33 | 36 |
| Nuplex Indust | 400 | +6.4 | +0.2 | 30 | 1-0 | 3 | 1.6 | 14 | 0.8 | 11 | 7.5 | 0.39 | 245 | Air New Zealand | 61 | +2.9 | +2.8 | 46 | 5-0 | 5 | 1.7 | 16 | 1.4 | 11 | Nil | 0.49 | 1,783 |
| Design Textiles | 94 | +2.8 | +1.2 | 47 | 1-5 | - | 2.3 | 27 | 1.4 | 9 | 6.5 | 0.50 | 30 | Tourism Hold. | 140 | +15.8 | +8.5 | 6 | 3-0 | 4 | 0.8 | 1 | 0.8 | 55 | 3.2 | 0.70 | 129 |
| Fletcher Build. | 413 | +10.7 | +2.6 | 16 | 0-0 | 6 | 2.0 | 20 | 0.7 | 10 | 6.9 | 0.52 | 1,676 | Lytelton Port | 185 | +6.6 | +0.3 | 28 | 4-1 | 5 | 3.8 | 27 | 0.7 | 14 | 8.9 | 3.10 | 189 |
| Vertex Group | 154 | +7.3 | -0.4 | 27 | 0-0 | - | 2.2 | 17 | 1.2 | 13 | 13.8 | 0.57 | 49 | Infratil NZ | 225 | +10.9 | +1.2 | 15 | 4-1 | 3 | 1.3 | 9 | 0.6 | 15 | 2.7 | 3.33 | 413 |
| CDL Hotel NZ | 35 | +9.1 | +7.6 | 21 | 0-0 | - | 0.5 | 8 | 1.7 | 7 | 6.0 | 0.64 | 122 | FC - Forests | 112 | +5.4 | +2.4 | 38 | 2-0 | 6 | 2.7 | 33 | 0.9 | 8 | Nil | 0.94 | 623 |
| Guinness Peat | 167 | +1.6 | +1.9 | 50 | 0-0 | - | 0.9 | 12 | 1.1 | 8 | 1.8 | 0.67 | 1,039 | Broadway Ind | 54 | +15.5 | -1.0 | 7 | 1-0 | - | 1.2 | 15 | 0.5 | 8 | 3.7 | 0.30 | 11 |
| Dorchester Pac | 196 | +8.1 | +3.3 | 25 | 0-0 | - | 1.6 | 18 | 0.9 | 9 | 5.7 | 0.69 | 38 | F & P Health. | 1208 | +9.0 | +0.4 | 22 | 1-0 | 6 | 6.4 | 38 | 0.6 | 17 | 6.2 | 5.94 | 1,237 |
| Tourism Hold. | 140 | +15.8 | +8.5 | 6 | 3-0 | 4 | 0.8 | 1 | 1.1 | 55 | 3.2 | 0.70 | 129 | Metro. LifeCare | 161 | +16.3 | +0.8 | 5 | 1-0 | 1 | 1.2 | 9 | 0.7 | 13 | Nil | 1.38 | 139 |
| Hellaby Hold. | 480 | +18.7 | +0.3 | 2 | 0-0 | 1 | 2.5 | 24 | 0.5 | 11 | 8.1 | 0.80 | 236 | OVER-VALUED SHARES: Highest Price/Sales Ratios, Relative Strength < 0 | | | | | | | | | | | | | |
| Taylor's Grp Ltd | 190 | +10.5 | +4.6 | 18 | 0-0 | - | 1.8 | 17 | 0.7 | 11 | 8.2 | 0.81 | 46 | Opio Forestry | 50 | -0.6 | -0.0 | 67 | 0-0 | - | 0.5 | - | 0.6 | NE | Nil | 8.96 | 7 |
| Wakefield Hosp. | 170 | +12.1 | +3.4 | 12 | 1-0 | - | 1.1 | 5 | 0.7 | 21 | 2.6 | 0.89 | 22 | South Port NZ | 150 | -2.1 | +0.6 | 71 | 0-0 | 1 | 1.7 | 11 | 0.7 | 15 | 6.7 | 2.68 | 39 |
| BEST PERFORMING SHARES: Strongest Shares, P/E < 20, P/S < 1.0 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Hellaby Hold. | 480 | +18.7 | +0.3 | 2 | 0-0 | 1 | 2.5 | 24 | 0.5 | 11 | 8.1 | 0.80 | 236 | NZ Refining Co | 1595 | -0.8 | +0.7 | 67 | 0-0 | 2 | 1.2 | 12 | 0.1 | 11 | 14.0 | 2.37 | 383 |
| Broadway Ind | 54 | +15.5 | -1.0 | 7 | 1-0 | - | 1.2 | 15 | 0.8 | 8 | 3.7 | 0.30 | 11 | Sky City Leisur | 120 | -10.4 | +2.5 | 86 | 0-0 | - | 4.4 | 11 | 1.3 | 40 | Nil | 2.03 | 82 |
| Affco Holdings | 22 | +12.6 | -0.5 | 11 | 0-0 | - | 0.4 | 4 | 1.3 | 10 | Nil | 0.05 | 108 | WORST PERFORMING SHARES: Weakest Shares, P/S Ratio > 0.25, Yield < Twice Average | | | | | | | | | | | | | |
| Fletcher Build. | 413 | +10.7 | +2.6 | 16 | 0-0 | 6 | 2.0 | 20 | 0.6 | 10 | 6.9 | 0.52 | 1,676 | Summit Gold Ltd | 6 | -12.0 | +0.8 | 90 | 1-0 | - | 1.3 | - | 1.8 | NE | Nil | N/A | 5 |
| Taylor's Grp Ltd | 190 | +10.5 | +4.6 | 18 | 0-0 | - | 1.8 | 17 | 0.6 | 11 | 8.2 | 0.81 | 46 | Genesis Res. | 111 | -11.3 | -0.7 | 89 | 0-0 | - | 0.7 | - | 0.9 | NE | Nil | 1.87 | 29 |
| CDL Hotel NZ | 35 | +9.1 | +7.6 | 21 | 0-0 | - | 0.5 | 8 | 1.3 | 7 | 6.0 | 0.64 | 122 | Blis Technology | 28 | -11.0 | -2.4 | 88 | 0-0 | - | 6.3 | - | 1.0 | NE | Nil | N/A | 18 |
| Dorchester Pac | 196 | +8.1 | +3.3 | 25 | 0-0 | - | 1.6 | 18 | 0.9 | 9 | 5.7 | 0.69 | 38 | Sky City Leisur | 120 | -10.4 | +2.5 | 86 | 0-0 | - | 4.4 | 11 | 1.3 | 40 | Nil | 2.03 | 82 |
| Vertex Group | 154 | +7.3 | -0.4 | 27 | 0-0 | - | 2.2 | 17 | 1.0 | 13 | 13.8 | 0.57 | 49 | Briscoe Group | 174 | -9.0 | -0.7 | 85 | 0-0 | 6 | 4.5 | 29 | 0.6 | 16 | 5.8 | 1.23 | 365 |
| Nuplex Indust | 400 | +6.4 | +0.2 | 30 | 1-0 | 3 | 1.6 | 14 | 0.7 | 11 | 7.5 | 0.39 | 245 | Evergreen | 46 | -8.3 | -2.2 | 84 | 0-2 | - | 0.8 | - | 0.8 | NE | Nil | 1.88 | 70 |
| Wrightsons Ltd | 140 | +6.0 | +3.8 | 34 | 0-0 | 3 | 1.5 | 15 | 1.1 | 10 | 12.3 | 0.29 | 191 | Mr Chips Hold | 96 | -7.8 | -3.3 | 83 | 0-0 | - | 2.1 | 9 | 0.8 | 23 | 4.7 | 0.90 | 23 |
| Mainfreight Grp | 128 | +5.4 | -2.9 | 37 | 0-1 | 4 | 1.9 | 17 | 0.8 | 11 | 7.6 | 0.25 | 103 | Warehouse Group | 510 | -7.6 | +5.2 | 83 | 0-0 | 6 | 4.9 | 26 | 0.4 | 19 | 4.0 | 0.83 | 1,555 |
| FC - Forests | 112 | +5.4 | +2.4 | 38 | 2-0 | 6 | 2.7 | 33 | 1.1 | 8 | Nil | 0.94 | 623 | Michael Hill | 425 | -6.7 | +0.2 | 82 | 3-0 | 3 | 3.3 | 20 | 0.4 | 16 | 6.0 | 0.72 | 163 |
| Air New Zealand | 61 | +2.9 | +2.8 | 46 | 5-0 | 5 | 1.7 | 16 | 1.6 | 11 | Nil | 0.49 | 1,783 | Botry-Zen Ltd | 13 | -5.5 | +3.3 | 78 | 0-1 | - | 7.3 | - | 1.1 | NE | Nil | N/A | 22 |
| Design Textiles | 94 | +2.8 | +1.2 | 47 | 1-5 | - | 2.3 | 27 | 1.2 | 9 | 6.5 | 0.50 | 30 | Kirkcaldie & St | 343 | -4.8 | +1.6 | 77 | 0-0 | - | 1.5 | 10 | 0.4 | 16 | 5.2 | 0.64 | 26 |
| Guinness Peat | 167 | +1.6 | +1.9 | 50 | 0-0 | - | 0.9 | 12 | 0.9 | 8 | 1.8 | 0.67 | 1,039 | Sanford Limited | 500 | -3.7 | -2.1 | 75 | 2-2 | 1 | 1.1 | 9 | 0.5 | 13 | 6.0 | 1.21 | 478 |
| Williams Kettle | 414 | +1.2 | +0.1 | 53 | 0-0 | - | 1.3 | 15 | 0.4 | 9 | 8.3 | 0.33 | 61 | Software of Exc | 105 | -3.2 | -8.8 | 74 | 0-0 | - | 3.8 | - | 0.9 | NE | Nil | 1.34 | 22 |
| Ebos Group Ltd | 310 | +0.8 | +0.1 | 55 | 0-1 | - | 2.0 | 15 | 0.6 | 13 | 7.9 | 0.38 | 85 | Vending Tech. | 104 | -2.3 | -1.4 | 72 | 0-1 | - | 1.6 | 14 | 0.7 | 12 | Nil | 1.37 | 31 |
| Allied Farmers | 205 | +0.6 | +0.8 | 58 | 0-0 | - | 1.2 | 13 | 0.7 | 9 | 8.0 | 0.31 | 22 | South Port NZ | 150 | -2.1 | +0.6 | 71 | 0-0 | 1 | 1.7 | 11 | 0.6 | 15 | 6.7 | 2.68 | 39 |
| INCOME SHARES: Highest Yields, Capitalisation > NZ\$100 million | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| NZ Refining Co | 1595 | -0.8 | +0.7 | 67 | 0-0 | 2 | 1.2 | 12 | 0.2 | 11 | 14.0 | 2.37 | 383 | Tranz Rail Hold | 107 | -1.9 | +6.1 | 71 | 0-0 | 2 | 0.6 | 0 | 0.9 | 382 | Nil | 0.37 | 225 |
| Wrightsons Ltd | 140 | +6.0 | +3.8 | 34 | 0-0 | 3 | 1.5 | 15 | 1.0 | 10 | 12.3 | 0.29 | 191 | INSIDER SELLING: Most Insider Selling, Relative Strength < 0 | | | | | | | | | | | | | |
| Tower Limited | 124 | -17.0 | +2.4 | 91 | 2-0 | 7 | 0.3 | 0 | 1.1 | 129 | 12.1 | 0.50 | 508 | Evergreen | 46 | -8.3 | -2.2 | 84 | 0-2 | - | 0.8 | - | 0.8 | NE | Nil | 1.88 | 70 |
| Restaurant Brds | 132 | -6.4 | -0.1 | 81 | 0-0 | 5 | 2.4 | 23 | 0.8 | 10 | 11.3 | 0.42 | 125 | Vending Tech. | 104 | -2.3 | -1.4 | 72 | 0-1 | - | 1.6 | 14 | 0.7 | 12 | Nil | 1.37 | 31 |
| Pyne Gould G. | 131 | +8.1 | +3.7 | 25 | 1-0 | - | 1.3 | 12 | 0.6 | 10 | 9.7 | N/A | 131 | Botry-Zen Ltd | 13 | -5.5 | +3.3 | 78 | 0-1 | - | 7.3 | - | 1.0 | NE | Nil | N/A | 22 |

"Strongest" NZ Shares

| STRENGTH RATING | | | | | | | | | | | | | STRENGTH RATING | | | | | | | | | | | | | | |
|-----------------|-------------|-----------|----------|-----------|------------------|-------------------|--------------|------------------|--------------|------------------|------------|-------------------|-----------------|------------------|-------------|-----------|----------|-----------|------------------|-------------------|--------------|------------------|--------------|------------------|------------|-------------------|--------------|
| Company | Share Price | Cur. rent | 4Wk Chg. | Rank 0-99 | Insider Buy-Sell | Brokers Following | Price to NTA | Return on Equity | Vola-til-ity | Price Eam. Ratio | Div. Yield | Price Sales Ratio | Market Cap'n | Company | Share Price | Cur. rent | 4Wk Chg. | Rank 0-99 | Insider Buy-Sell | Brokers Following | Price to NTA | Return on Equity | Vola-til-ity | Price Eam. Ratio | Div. Yield | Price Sales Ratio | Market Cap'n |
| Cabletalk Group | 42 | +40.8 | +12.5 | 0 | 1-0 | - | 1.0 | - | 2.0 | NE | Nil | 0.33 | 15 | Taylor's Grp Ltd | 190 | +10.5 | +4.6 | 17 | 0-0 | - | 1.8 | 17 | 0.7 | 11 | 8.2 | 0.81 | 46 |
| Cadmus Tech Ltd | 15 | +35.2 | +19.5 | 0 | 0-0 | - | 3.5 | 6 | 2.8 | 59 | Nil | 1.84 | 24 | Cedenco Foods | 230 | +9.6 | +7.4 | 18 | 7-0 | - | 1.3 | 15 | 0.7 | 8 | Nil | 1.33 | 36 |
| Renaissance | 50 | +34.6 | +20.8 | 1 | 0-0 | - | 2.0 | - | 1.5 | NE | 9.0 | 0.17 | 19 | Waste Mgmt NZ | 370 | +9.5 | +0.8 | 19 | 0-3 | 7 | 2.2 | 8 | 0.8 | 28 | 3.0 | 2.35 | 363 |
| Hellaby Hold. | 480 | +18.7 | +0.3 | 2 | 0-0 | 1 | 2.5 | 24 | 0.6 | 11 | 8.1 | 0.80 | 236 | NZ Invest Trust | 520 | +9.4 | +2.9 | 19 | 8-0 | - | - | - | 0.6 | NE | 1.6 | N/A | 53 |
| WN Drive Tech. | 48 | +18.3 | +3.5 | 3 | 0-3 | - | 26.4 | - | 1.4 | NE | Nil | N/A | 60 | Ports Auckland | 795 | +9.2 | +1.0 | 20 | 0-0 | 36 | 2.3 | 12 | 0.6 | 19 | 6.4 | | |

Computer Selections of Australian Shares based upon our Comprehensive Share Selection Criteria

See "Market Analysis" issues 298-301 or the Reprint sent to all new subscribers for details. These shares are not formal "buy" and "sell" recommendations, but the "Under-Valued", "Best Performing", "Income" and "Insider Buying" shares should be considered for purchase, while the "Over-Valued", "Worst Performing" and "Insider Selling" shares can be sold to release money for re-investment in more attractive shares.

| STRENGTH RATING | | | | | | | | | | | | | STRENGTH RATING | | | | | | | | | | | | | | |
|---|-------------|-----------|-----------|------------------|-------------------|--------------|------------------|------------|-------------------|----------------|-------------------|--------------|--|------------------|-----------|-----------|------------------|-------------------|--------------|------------------|------------|-------------------|----------------|-------------------|--------------|------|-------|
| Company | Share Price | Cur. Chg. | 4-Wk Rank | Insider Buy-Sell | Brokers Following | Price to NTA | Return on Equity | Volatility | Price/Earn. Ratio | Dividend Yield | Price/Sales Ratio | Market Cap'n | Company | Share Price | Cur. Chg. | 4-Wk Rank | Insider Buy-Sell | Brokers Following | Price to NTA | Return on Equity | Volatility | Price/Earn. Ratio | Dividend Yield | Price/Sales Ratio | Market Cap'n | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | 0-99 | 0-99 |
| UNDER-VALUED SHARES: Lowest Price/Sales, Yld > 0, Rel Strength > 0 | | | | | | | | | | | | | BEST PERFORMING SHARES: Strongest Shares, P/E < 20, P/S < 1.0 | | | | | | | | | | | | | | |
| Auto Group Ltd | 60 | +0.0 | +0.9 | 60 | 0.0 | - | - | 1.1 | 11 | 6.7 | 0.03 | 20 | Oriental Tech. | 15 | +61.5 | +19.0 | 3 | 0.0 | - | 1.4 | 11 | 1.5 | 12 | Nil | 0.65 | 17 | |
| Ruralco Hold. | 360 | +7.5 | -1.7 | 37 | 4.0 | - | 1.9 | 16 | 0.5 | 12 | 3.9 | 0.06 | 34 | Aust Energy | 71 | +52.1 | +24.2 | 4 | 1.6 | - | 71.0 | - | 1.0 | 15 | 1.4 | 0.60 | 31 |
| Cordukes Ltd | 34 | +4.7 | +0.1 | 45 | 0.0 | - | 17.0 | - | 1.3 | 6 | 2.9 | 0.07 | 9 | Optima ICM Ltd | 21 | +42.8 | +19.0 | 5 | 0.0 | - | 4.2 | 64 | 1.3 | 7 | 2.4 | 0.16 | 21 |
| Namoi Cotton | 35 | +8.8 | -1.2 | 34 | 4.0 | - | 0.4 | 11 | 1.5 | 4 | 4.3 | 0.09 | 38 | Netcomm Limited | 20 | +41.4 | +21.1 | 6 | 2.0 | - | 3.3 | 27 | 1.5 | 12 | 2.5 | 0.80 | 14 |
| Citic Australia | 36 | +28.9 | +15.2 | 10 | 0.0 | - | 3.6 | 27 | 1.5 | 13 | 5.6 | 0.10 | 29 | Kresta Holdings | 54 | +38.7 | +5.9 | 7 | 0.0 | - | 4.9 | 62 | 1.0 | 8 | 3.7 | 0.95 | 68 |
| McConnell Dowel | 163 | +2.7 | +2.0 | 51 | 0.0 | - | 81.5 | - | 0.6 | 12 | 3.7 | 0.12 | 69 | Sunland Group | 110 | +29.0 | +10.4 | 9 | 7.2 | - | 2.5 | 18 | 0.6 | 14 | 2.3 | 0.91 | 187 |
| CTI Logistics | 51 | +12.9 | +7.0 | 25 | 1.0 | - | 0.8 | 5 | 1.1 | 16 | 2.0 | 0.13 | 13 | Citic Australia | 36 | +28.9 | +15.2 | 10 | 0.0 | - | 3.6 | 27 | 1.2 | 13 | 5.6 | 0.10 | 29 |
| OM Holdings | 30 | +20.6 | +5.3 | 15 | 0.0 | - | 1.4 | 1 | 1.6 | 250 | 2.5 | 0.13 | 14 | Korvest Ltd | 280 | +28.0 | +2.4 | 10 | 0.0 | - | 2.0 | 19 | 0.4 | 11 | 4.5 | 0.59 | 23 |
| Data 3 Ltd | 170 | +17.9 | +14.2 | 18 | 1.0 | - | 8.9 | 81 | 0.8 | 11 | 5.9 | 0.13 | 25 | Caltex Australia | 363 | +27.2 | +3.6 | 10 | 3.0 | 1 | 1.0 | 21 | 0.8 | 5 | Nil | 0.17 | 980 |
| A.P. Eagers | 680 | +15.7 | +2.3 | 21 | 0.0 | 1 | 1.5 | 11 | 0.4 | 14 | 4.6 | 0.15 | 116 | McPherson's Ltd | 378 | +26.2 | +0.6 | 11 | 0.4 | - | 5.6 | 37 | 0.3 | 15 | 3.2 | 0.57 | 155 |
| Optima ICM Ltd | 21 | +42.8 | +19.0 | 5 | 0.0 | - | 4.2 | 64 | 1.8 | 7 | 2.4 | 0.16 | 21 | IT & e Limited | 15 | +25.6 | +21.0 | 11 | 0.0 | - | 3.6 | 51 | 1.8 | 7 | Nil | 0.76 | 21 |
| HJ & B Group | 26 | +2.9 | -1.7 | 50 | 1.1 | - | 3.7 | 33 | 1.4 | 11 | 7.7 | 0.16 | 16 | AIS Corporation | 17 | +24.7 | +6.4 | 12 | 1.0 | - | - | - | 1.4 | 0 | Nil | 0.02 | 4 |
| Catalyst Rec'mt | 39 | +3.6 | -0.0 | 48 | 0.0 | - | 1.6 | 15 | 1.4 | 10 | 11.7 | 0.16 | 14 | Commander Comm. | 132 | +24.4 | +8.0 | 12 | 1.0 | 2 | - | - | 0.6 | 13 | 3.4 | 0.57 | 191 |
| RCR Tomlinson | 33 | +10.2 | +3.8 | 31 | 0.0 | - | 0.7 | 10 | 1.4 | 7 | 3.0 | 0.16 | 15 | AV Jennings | 153 | +24.3 | -3.1 | 12 | 3.3 | - | 1.5 | 26 | 0.7 | 6 | 6.5 | 0.62 | 329 |
| Adtrans Group | 380 | +12.1 | +3.0 | 27 | 1.2 | 1 | 2.9 | 25 | 0.4 | 12 | 5.4 | 0.17 | 87 | Skilled Eng. | 321 | +24.3 | +4.9 | 12 | 0.0 | 3 | 7.3 | 41 | 0.7 | 18 | 4.8 | 0.44 | 290 |
| Watpac Ltd | 58 | +21.1 | +6.6 | 15 | 0.0 | - | 1.8 | 21 | 1.1 | 9 | 7.8 | 0.17 | 42 | PMP Limited | 92 | +24.1 | +2.7 | 12 | 14.0 | 3 | 3.5 | 21 | 1.0 | 17 | Nil | 0.18 | 267 |
| Bridgestone | 258 | +13.1 | +0.3 | 25 | 0.0 | - | 0.6 | 8 | 0.6 | 7 | 3.9 | 0.18 | 94 | Roberts Ltd | 675 | +23.8 | +2.5 | 12 | 0.0 | - | 2.4 | 20 | 0.3 | 12 | 5.0 | 0.48 | 87 |
| ABB Grain Ltd | 365 | +7.1 | +0.2 | 39 | 4.0 | - | 1.4 | 12 | 0.6 | 12 | 4.7 | 0.18 | 167 | Prime Life Corp | 256 | +23.1 | +3.9 | 13 | 2.0 | 1 | 1.1 | 15 | 0.5 | 7 | 3.9 | 0.81 | 119 |
| Danks Holdings | 1290 | +16.3 | +0.9 | 20 | 0.0 | - | 1.7 | 10 | 0.3 | 16 | 4.3 | 0.19 | 84 | Abigroup Ltd | 330 | +22.2 | +4.2 | 14 | 0.0 | - | 1.3 | 7 | 0.4 | 18 | 2.4 | 0.21 | 157 |
| Metcash Trading | 219 | +3.0 | -1.7 | 50 | 0.6 | 6 | 7.6 | 44 | 0.6 | 17 | 3.9 | 0.19 | 1,381 | Supply Network | 40 | +22.0 | +4.3 | 14 | 1.0 | - | 1.1 | 12 | 0.9 | 9 | 4.4 | 0.28 | 9 |
| Abigroup Ltd | 330 | +22.2 | +4.2 | 14 | 0.0 | - | 1.3 | 7 | 0.5 | 18 | 2.4 | 0.21 | 157 | Villa World | 127 | +21.7 | -0.7 | 14 | 2.0 | 1 | 1.8 | 27 | 0.5 | 7 | 8.7 | 0.87 | 131 |
| Joyce Corp. | 71 | +5.9 | +8.8 | 42 | 1.0 | - | 1.0 | 15 | 1.2 | 7 | 3.5 | 0.22 | 15 | Green's Foods | 76 | +21.5 | -0.4 | 14 | 3.1 | - | 2.7 | 14 | 0.7 | 19 | 3.3 | 0.51 | 80 |
| SunTech Environ | 3 | +10.6 | +15.9 | 30 | 0.0 | - | 0.5 | 16 | 5.0 | 3 | 12.1 | 0.22 | 12 | Sihm Star | 70 | +21.4 | +8.3 | 15 | 3.0 | 1 | 1.4 | 11 | 0.7 | 13 | 5.0 | 0.68 | 77 |
| Skydome Holding | 28 | +23.0 | +6.2 | 13 | 0.0 | - | 1.2 | 6 | 1.4 | 21 | 2.7 | 0.22 | 4 | Watpac Ltd | 58 | +21.1 | +6.6 | 15 | 0.0 | - | 1.8 | 21 | 0.9 | 9 | 7.8 | 0.17 | 42 |
| Devine | 64 | +12.9 | +10.0 | 26 | 2.0 | - | 1.1 | 18 | 1.3 | 6 | 10.9 | 0.24 | 80 | Coffey Int'l | 550 | +20.1 | +3.7 | 16 | 4.0 | - | 4.3 | 35 | 0.3 | 12 | 4.9 | 0.57 | 63 |
| Bidvest | 410 | +1.7 | +1.4 | 54 | 0.0 | - | 2.5 | 20 | 0.6 | 13 | 2.8 | 0.24 | 807 | Canberra Invest | 161 | +20.0 | +1.1 | 16 | 0.0 | - | 1.4 | 35 | 0.6 | 4 | 4.3 | 0.82 | 50 |
| C.S.R. Ltd | 211 | +11.2 | -0.1 | 29 | 2.2 | 9 | 7.8 | - | 0.8 | 4 | 8.1 | 0.27 | 1,993 | Fleetwood Corp | 474 | +19.9 | +3.3 | 16 | 1.4 | - | 5.4 | 33 | 0.5 | 16 | 3.0 | 0.95 | 182 |
| Merchant House | 20 | +2.0 | +3.7 | 53 | 0.0 | - | 1.4 | 18 | 1.6 | 8 | 5.0 | 0.27 | 19 | Melbourne IT | 65 | +19.8 | +14.5 | 16 | 0.0 | - | 4.6 | 28 | 1.0 | 17 | Nil | 0.68 | 33 |
| CMI Limited | 195 | +3.1 | +2.9 | 50 | 0.0 | 1 | 2.3 | 31 | 0.6 | 7 | 5.1 | 0.27 | 53 | Candle Aust. | 136 | +19.8 | +6.4 | 16 | 0.1 | 1 | 4.9 | 35 | 0.6 | 14 | 4.8 | 0.32 | 51 |
| Raptis Group | 39 | +14.9 | +7.4 | 23 | 0.0 | - | 1.6 | 13 | 1.2 | 12 | 1.9 | 0.27 | 27 | G.U.D. Holdings | 547 | +19.6 | +4.7 | 16 | 1.1 | 4 | 4.3 | 28 | 0.4 | 15 | 4.8 | 0.89 | 333 |
| Crane Group | 1052 | +10.4 | -0.8 | 30 | 1.4 | 2 | 1.7 | 15 | 0.4 | 12 | 5.7 | 0.28 | 538 | BHP Steel Ltd | 488 | +18.5 | +6.3 | 17 | 7.0 | - | 1.3 | 15 | 0.6 | 8 | 4.5 | 0.72 | 3,821 |
| Lernar Corp | 209 | +6.8 | +1.1 | 40 | 2.0 | - | 1.1 | 29 | 0.5 | 4 | 7.2 | 0.28 | 35 | Data 3 Ltd | 170 | +17.9 | +14.2 | 18 | 1.0 | - | 8.9 | 81 | 0.6 | 11 | 5.9 | 0.13 | 25 |
| Ridley Corp. | 149 | +4.3 | +0.5 | 47 | 0.0 | 2 | - | - | 0.9 | 13 | 3.4 | 0.28 | 396 | Integrated Grp | 160 | +17.7 | +4.6 | 18 | 1.0 | 2 | 4.7 | 43 | 0.8 | 11 | 5.6 | 0.35 | 111 |
| Supply Network | 40 | +22.0 | +4.3 | 14 | 1.0 | - | 1.1 | 12 | 1.2 | 9 | 4.4 | 0.28 | 9 | Ludowici Ltd | 384 | +17.5 | +1.6 | 18 | 0.1 | - | 1.9 | 14 | 0.4 | 14 | 3.6 | 0.54 | 54 |
| Downer EDI Ltd | 80 | +13.1 | -3.4 | 25 | 2.0 | 2 | 2.0 | 17 | 1.0 | 12 | 3.6 | 0.29 | 780 | Ges Internat'l | 55 | +17.3 | +16.3 | 19 | 0.1 | - | 2.0 | 13 | 0.8 | 16 | 3.6 | 0.89 | 393 |
| Candle Aust. | 136 | +19.8 | +6.4 | 16 | 0.1 | 1 | 4.9 | 35 | 0.7 | 14 | 4.8 | 0.32 | 51 | Folkestone Ltd | 77 | +17.0 | +6.7 | 19 | 0.0 | - | 1.1 | 7 | 0.7 | 15 | 7.1 | 0.95 | 17 |
| Embelton Ltd | 250 | +5.0 | -0.6 | 44 | 0.0 | - | 0.9 | 8 | 0.6 | 11 | 4.4 | 0.32 | 5 | AJ Lucas | 154 | +16.7 | -1.5 | 20 | 1.0 | - | 3.3 | 24 | 0.5 | 14 | 4.9 | 0.84 | 70 |
| United Overseas | 42 | +2.9 | +4.2 | 50 | 0.0 | - | 0.4 | 10 | 1.1 | 4 | 7.1 | 0.32 | 25 | Noni B Limited | 175 | +16.6 | +3.8 | 20 | 1.0 | - | 4.0 | 22 | 1.0 | 18 | 5.1 | 0.63 | 54 |
| Lemvest Ltd | 290 | +5.6 | -3.5 | 43 | 3.0 | - | 1.3 | 63 | 0.5 | 2 | 6.9 | 0.33 | 30 | Burns Philp | 70 | +16.4 | -1.4 | 20 | 2.0 | 5 | - | - | 1.0 | 7 | 3.2 | 0.66 | 1,246 |
| Coles Myer | 733 | +8.3 | -0.8 | 35 | 2.0 | 7 | 3.4 | 14 | 0.5 | 25 | 3.5 | 0.34 | 8,718 | Ausdrill Ltd | 71 | +16.3 | -2.6 | 20 | 0.2 | - | 1.2 | 20 | 1.0 | 6 | 5.6 | 0.43 | 64 |
| David Jones | 145 | +17.0 | +2.8 | 19 | 1.0 | 3 | 1.3 | 1 | 0.7 | 89 | 4.8 | 0.34 | 591 | Danks Holdings | 1290 | +16.3 | +0.9 | 20 | 0.0 | - | 1.7 | 10 | 0.2 | 16 | 4.3 | 0.19 | 84 |
| Monadelphous Gr | 444 | +13.6 | +3.0 | 25 | 0.1 | - | 2.6 | 22 | 0.5 | 12 | 5.6 | 0.34 | 83 | HomeLeisure Ltd | 46 | +15.9 | -2.9 | 21 | 3.2 | - | 3.5 | 37 | 0.8 | 10 | 5.4 | 0.68 | 46 |
| Angus & Coote | 620 | +2.4 | -1.2 | 52 | 0.0 | - | 1.3 | 10 | 0.4 | 13 | 5.2 | 0.34 | 74 | A.P. Eagers | 680 | +15.7 | +2.3 | 21 | 0.0 | 1 | 1.5 | 11 | 0.4 | 14 | 4.6 | 0.15 | 116 |
| Integrated Grp | 160 | +17.7 | +4.6 | 18 | 1.0 | 2 | 4.7 | 43 | 0.9 | 11 | 5.6 | 0.35 | 111 | Natl Can | 153 | +15.6 | +5.2 | 22 | 0.0 | - | 1.0 | 8 | 0.5 | 12 | 2.3 | 0.52 | 102 |
| Steamships Trad | 211 | +33.3 | -7.8 | 8 | 0.0 | - | 0.7 | 2 | 0.8 | 31 | 2.4 | 0.36 | 65 | Oldfields Hold | 86 | +15.6 | -2.0 | 22 | 0.0 | - | 0.7 | 4 | 0.5 | 17 | Nil | 0.29 | 7 |
| OAMPS | 325 | +13.6 | +1.0 | 25 | 4.0 | - | 8.3 | 62 | 0.5 | 13 | 5.2 | 0.37 | 241 | Autron Corp | 27 | +15.3 | +10.5 | 22 | 0.0 | - | 8.8 | - | 1.2 | 2 | Nil | 0.11 | 20 |
| Wrigdways Aust | 88 | +0.4 | +2.8 | 58 | 1.1 | - | - | - | 0.9 | 9 | 5.1 | 0.40 | 28 | B Digital Ltd | 15 | +15.1 | +6.4 | 22 | 0.0 | - | 2.4 | 29 | 2.0 | 8 | Nil | 0.20 | 36 |
| Futuris Corp. | 150 | +6.5 | -2.8 | 40 | 0.1 | 5 | 1.7 | 18 | 1.1 | 10 | 5.3 | 0.40 | 978 | Waterco Ltd | 235 | +14.9 | +5.0 | 22 | 3.0 | - | 2.1 | 18 | 0.5 | 11 | 5.5 | 0.62 | 44 |
| Adcorp Aust. | 106 | +2.4 | +3.0 | 52 | 1.0 | 2 | 13.3 | 93 | 0.8 | 14 | 5.7 | 0.41 | 64 | Raptis Group | 39 | +14.9 | +7.4 | 23 | 0.0 | - | 1.6 | 13 | 0.9 | 12 | 1.9 | 0.27 | 27 |
| Smorgon Steel | 119 | +5.2 | +2.8 | 43 | 2.0 | 6 | - | - | 1.0 | 10 | 6.7 | 0.41 | 1,028 | Alesco Corp Ltd | 510 | +14.8 | +0.7 | 23 | 2.3 | 2 | 5.0 | 27 | 0.4 | 19 | 5.1 | 0.59 | 234 |
| Bentley Equit. | 46 | +0.3 | +4.6 | 58 | 1.0 | - | 1.1 | - | 1.4 | NE | 12.0 | 0.41 | 18 | Colorado Group | 375 | +14.8 | -0.1 | 23 | 0.0 | 2 | 5.3 | 37 | 0.7 | 14 | 3.2 | 0.73 | 324 |
| Clough Limited | 68 | +8.9 | +6.4 | 34 | 0.0 | 1 | 1.5 | 16 | 1.2 | 9 | 6.6 | 0.43 | 284 | Housewares Int. | 275 | +14.7 | +6.2 | 23 | 0.1 | - | 3.9 | 26 | 0. | | | | |

| Company | STRENGTH RATING | | | | Insider Buy/Sell | Price to Book | Return on Equity | Volatility | Price/Earn. Ratio | Dividend Yield | Price/Sales Ratio | Market Cap'n | Company | STRENGTH RATING | | | | Insider Buy/Sell | Price to Book | Return on Equity | Volatility | Price/Earn. Ratio | Dividend Yield | Price/Sales Ratio | Market Cap'n | | |
|---|-----------------|---------|-----------|------|------------------|---------------|------------------|------------|-------------------|----------------|-------------------|--------------|---------|-----------------|-----------|-------|---------|------------------|---------------|------------------|------------|-------------------|----------------|-------------------|--------------|-----------|--------|
| | Share Price | Current | 4-Wk Chg. | Rank | | | | | | | | | | Current | 4-Wk Chg. | Rank | Current | | | | | | | | | 4-Wk Chg. | Rank |
| INCOME SHARES: Highest Yields, Capitalisation > A\$250 million | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Aneka Tambang | 20 | -18.0 | -5.5 | 93 | 0-0 | - | - | - | 1.2 | 51 | 43.9 | 6.17 | 1,978 | Alumina Ltd | 521 | +4.2 | +4.6 | 47 | 6-0 | - | 6.1 | 18 | 0.6 | 33 | 2.5 | 2.31 | 5,796 |
| Anglogold Ltd | 1178 | +4.1 | +6.4 | 47 | 0-0 | - | - | - | 0.4 | 5 | 20.7 | 0.83 | 2,622 | Eiffel Tech. | 18 | +15.6 | +9.3 | 22 | 6-0 | - | 5.8 | - | 1.2 | NE | Nil | N/A | 34 |
| Lend Lease US | 98 | +0.0 | -0.0 | 60 | 0-0 | 5 | - | - | 0.4 | 10 | 18.7 | 6.53 | 502 | APN News Media | 360 | +7.7 | -0.4 | 37 | 6-0 | 7 | 1.6 | 9 | 0.5 | 18 | 4.4 | 1.47 | 1,578 |
| Envestra | 104 | +2.1 | -2.2 | 52 | 0-0 | 2 | - | - | - | 0.5 | 59 | 9.1 | 757 | Brickworks Ltd | 850 | +11.7 | +2.4 | 28 | 6-0 | 2 | 1.9 | 13 | 0.3 | 15 | 1.9 | 5.29 | 1,120 |
| Sthn C. Fliers | 10855 | +2.5 | +0.4 | 51 | 0-0 | - | 1.1 | 9 | 0.3 | 12 | 8.3 | N/A | 651 | Amrad Corp. | 73 | +25.2 | +9.8 | 11 | 6-0 | 1 | 1.7 | 2 | 0.5 | 81 | Nil | 3.75 | 95 |
| ABC Learning | 338 | +14.2 | +0.8 | 24 | 0-2 | - | 4.8 | 12 | 0.5 | 39 | 8.3 | N/A | 307 | Breakfree Ltd | 148 | +7.7 | +8.8 | 37 | 7-1 | - | 2.2 | 14 | 0.6 | 16 | 4.1 | 1.45 | 57 |
| C.S.R. Ltd | 211 | +11.2 | -0.1 | 29 | 2-2 | 9 | 7.8 | - | 0.6 | 4 | 8.1 | 0.27 | 1,993 | ANZ Bank | 1789 | +0.5 | -1.5 | 58 | 7-1 | 10 | 2.4 | 20 | 0.6 | 12 | 4.8 | 1.68 | 26,965 |
| Aristocrat | 163 | -22.8 | +6.7 | 95 | 1-0 | 6 | 6.0 | 65 | 0.6 | 9 | 7.4 | 0.76 | 744 | Health Com Ntwk | 110 | +43.5 | +22.3 | 5 | 5-0 | - | - | - | 0.6 | 38 | Nil | 2.28 | 68 |
| Aust Gth Prop. | 85 | +4.6 | -1.8 | 46 | 0-0 | - | 0.8 | 6 | 0.6 | 14 | 7.3 | 1.36 | 256 | Soul Pattinson | 612 | +7.4 | +2.0 | 38 | 5-0 | 1 | 2.3 | 11 | 0.5 | 20 | 2.3 | 3.70 | 1,460 |
| Aust Pipeline | 295 | +7.0 | -0.9 | 39 | 0-0 | 4 | 1.6 | 9 | 0.4 | 18 | 7.3 | 2.79 | 720 | QED Occtech Ltd | 7 | +0.4 | +4.6 | 58 | 5-0 | - | 2.2 | - | 1.8 | NE | Nil | 2.50 | 6 |
| Australand Hold | 177 | +9.0 | +1.0 | 34 | 0-0 | 3 | 1.4 | 13 | 0.5 | 10 | 6.8 | 0.80 | 928 | Forest Place Gr | 37 | +12.7 | +4.6 | 26 | 5-0 | - | 0.6 | 6 | 0.7 | 9 | Nil | 1.47 | 31 |
| Aust Infra. | 163 | +9.0 | +0.1 | 34 | 7-0 | 3 | 0.8 | 9 | 0.5 | 10 | 6.7 | N/A | 292 | Havilah Res. | 16 | +14.6 | +6.8 | 23 | 5-0 | - | - | - | 1.5 | NE | Nil | N/A | 6 |
| AMP Ltd | 683 | -21.9 | +6.0 | 95 | 2-0 | 10 | 1.5 | - | 0.6 | NE | 6.7 | 1.63 | 7,919 | Gro Pep Limited | 79 | +13.5 | +17.3 | 25 | 5-0 | - | 2.0 | - | 0.9 | NE | Nil | 3.20 | 34 |
| Smorgon Steel | 119 | +5.2 | +2.8 | 43 | 2-0 | 6 | - | - | 0.7 | 10 | 6.7 | 0.41 | 1,028 | Solution 6 | 63 | +23.1 | +3.9 | 13 | 5-0 | 2 | 7.9 | - | 0.8 | NE | Nil | 0.72 | 159 |
| Kingsgate Cons. | 372 | +0.7 | +4.4 | 57 | 0-0 | - | - | - | 0.3 | 6 | 6.7 | 2.86 | 271 | Macquarie Good. | 155 | +1.3 | -1.3 | 56 | 5-0 | 3 | 1.2 | 9 | 0.3 | 13 | 7.6 | 6.07 | 1,471 |
| Clough Limited | 68 | +8.9 | +6.4 | 34 | 0-0 | 1 | 1.5 | 16 | 0.8 | 9 | 6.6 | 0.43 | 284 | Kagara Zinc Ltd | 80 | +14.3 | +5.0 | 24 | 6-1 | - | - | - | 0.5 | NE | Nil | N/A | 115 |
| AV Jennings | 153 | +24.3 | -3.1 | 12 | 3-3 | - | 1.5 | 26 | 0.6 | 6 | 6.5 | 0.62 | 329 | Payce Consol. | 200 | +21.0 | +12.5 | 15 | 6-1 | - | 1.7 | 21 | 0.5 | 8 | Nil | 1.37 | 68 |
| Sthn Cross Brd. | 880 | +1.3 | +0.1 | 55 | 0-0 | 6 | 1.0 | 3 | 0.4 | 30 | 6.5 | 1.42 | 506 | Sunland Group | 110 | +29.0 | +10.4 | 9 | 7-2 | - | 2.5 | 18 | 0.4 | 14 | 2.3 | 0.91 | 187 |
| AWB Limited | 387 | +2.9 | +0.4 | 50 | 1-0 | 4 | 1.3 | 13 | 0.5 | 10 | 6.5 | 0.46 | 1,058 | Alkane Explor. | 48 | +16.6 | -4.5 | 20 | 8-3 | - | - | - | 1.2 | NE | Nil | 4.98 | 57 |
| Djerriwarrh | 342 | +2.3 | -1.1 | 52 | 0-1 | - | 1.1 | 6 | 0.5 | 18 | 6.3 | N/A | 510 | BHP Billiton | 1117 | +4.7 | +5.7 | 45 | 4-0 | 8 | 3.4 | 15 | 0.5 | 23 | 2.0 | 2.87 | 69,500 |
| Platinum Cap'l | 241 | +6.6 | +5.1 | 40 | 0-3 | - | 1.5 | - | 0.4 | NE | 6.2 | N/A | 274 | OAMPS | 325 | +13.6 | +1.0 | 25 | 4-0 | - | 8.3 | 62 | 0.3 | 13 | 5.2 | 0.37 | 241 |
| Graincorp | 1262 | +5.5 | +2.9 | 43 | 0-0 | 1 | 1.7 | 17 | 0.3 | 10 | 6.2 | 0.72 | 507 | Environ. Sol'n | 29 | +3.1 | +3.6 | 49 | 4-0 | - | 2.4 | - | 0.9 | NE | Nil | 1.50 | 22 |
| Tabcorp Holding | 1140 | +2.0 | +2.3 | 53 | 2-0 | 7 | - | - | 0.3 | 17 | 5.9 | 2.16 | 4,167 | Woodside Petrol | 1330 | +7.5 | +2.5 | 38 | 4-0 | 9 | - | - | 0.4 | NE | 2.9 | 3.96 | 8,867 |
| Crane Group | 1052 | +10.4 | -0.8 | 30 | 1-4 | 2 | 1.7 | 15 | 0.3 | 12 | 5.7 | 0.28 | 538 | Salmat Ltd | 284 | +15.1 | +8.4 | 22 | 4-0 | - | 7.9 | 39 | 0.5 | 20 | 3.0 | 1.15 | 330 |
| Gasnet Aust Grp | 226 | +4.9 | -2.0 | 45 | 0-0 | 2 | 1.1 | 9 | 0.5 | 11 | 5.7 | 2.76 | 294 | Macquarie G Mgt | 221 | +19.2 | +4.4 | 17 | 4-0 | 2 | 14.7 | 45 | 0.7 | 33 | 2.3 | N/A | 554 |
| INSIDER BUYING: Most Insider Buying, Relative Strength > 0 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Suncorp-Metway | 1197 | +5.8 | +1.1 | 42 | 14-0 | 7 | 2.9 | 17 | 0.3 | 17 | 4.7 | 1.25 | 6,353 | S8 Limited | 100 | +2.9 | -0.3 | 50 | 4-0 | - | - | - | 0.6 | 13 | 6.4 | 2.75 | 69 |
| PMP Limited | 92 | +24.1 | +2.7 | 12 | 14-0 | 3 | 3.5 | 21 | 0.9 | 17 | Nil | 0.18 | 267 | Working Systems | 13 | +38.2 | +6.1 | 7 | 4-0 | - | 13.0 | - | 1.1 | NE | Nil | 1.72 | 12 |
| Servcorp Ltd | 150 | +5.2 | +5.4 | 44 | 13-0 | 2 | 1.7 | 3 | 0.4 | 49 | 5.0 | 1.05 | 120 | Primary Health | 455 | +10.7 | +1.8 | 30 | 4-0 | 3 | 32.5 | 89 | 0.3 | 37 | 2.7 | 2.56 | 461 |
| Trust Co of Aus | 615 | +5.4 | +2.4 | 43 | 11-0 | - | 3.2 | 0 | 0.3 | NE | 1.8 | 6.18 | 199 | Amcom Telecom. | 16 | +15.5 | +14.3 | 22 | 4-0 | - | - | - | 1.2 | NE | Nil | 1.86 | 34 |
| Prime TV | 250 | +7.5 | -1.2 | 38 | 10-0 | 5 | - | - | 0.5 | 29 | 3.8 | 1.92 | 304 | Incitec Pivot | 1530 | +2.1 | +1.2 | 52 | 4-0 | - | - | - | 0.6 | NE | Nil | N/A | N/A |
| Intermin Res | 7 | +10.3 | +3.0 | 31 | 10-0 | - | - | - | 1.4 | 12 | Nil | 2.26 | 6 | Mirvac Group | 426 | +3.3 | -1.1 | 49 | 4-0 | 5 | - | - | 0.2 | 14 | 6.8 | 2.54 | 2,729 |
| Bendigo Bank | 897 | +5.4 | +2.6 | 43 | 10-0 | 6 | 2.4 | 12 | 0.3 | 20 | 3.7 | 3.30 | 1,144 | Scantech | 3 | +1.6 | +8.0 | 54 | 4-0 | - | 1.1 | 10 | 2.2 | 12 | Nil | 0.40 | 3 |
| Loftus Capital | 61 | +1.1 | +2.2 | 56 | 10-0 | - | 0.8 | 3 | 0.5 | 29 | 1.6 | 2.17 | 23 | FTR Holdings | 49 | +8.9 | +1.8 | 34 | 4-0 | - | 1.1 | 8 | 1.7 | 13 | Nil | 0.61 | 18 |
| Finbar Intern'l | 28 | +8.6 | +0.9 | 35 | 8-0 | - | 0.8 | 11 | 0.7 | 8 | 3.6 | 1.36 | 25 | Becker Group | 22 | +11.8 | -4.0 | 28 | 4-0 | - | 0.9 | 10 | 1.3 | 9 | Nil | 0.42 | 16 |
| Oroton Group | 535 | +7.5 | +1.8 | 38 | 8-0 | 1 | 12.2 | 79 | 0.4 | 15 | 3.7 | 1.13 | 99 | ABB Grain Ltd | 365 | +7.1 | +0.2 | 39 | 4-0 | - | 1.4 | 12 | 0.5 | 12 | 4.7 | 0.18 | 167 |
| Computer Share | 275 | +9.4 | +9.1 | 33 | 9-1 | 8 | - | - | 0.7 | 45 | 1.8 | 2.11 | 1,496 | Ruralco Hold. | 360 | +7.5 | -1.7 | 37 | 4-0 | - | 1.9 | 16 | 0.3 | 12 | 3.9 | 0.06 | 34 |
| Garratt's Ltd | 29 | +6.8 | +11.8 | 39 | 7-0 | - | 0.8 | - | 0.8 | NE | Nil | 0.35 | 3 | Namoi Cotton | 35 | +8.8 | -1.2 | 34 | 4-0 | - | 0.4 | 11 | 0.9 | 4 | 4.3 | 0.09 | 38 |
| OFM Investment | 205 | +7.8 | +2.9 | 37 | 7-0 | - | - | - | 0.5 | 13 | 5.4 | 4.08 | 96 | Network Ltd | 17 | +10.4 | +6.0 | 30 | 4-0 | - | 3.4 | - | 1.1 | NE | Nil | 3.45 | 11 |
| Allegiance Min. | 7 | +12.8 | +12.8 | 26 | 7-0 | - | - | - | 1.6 | NE | Nil | N/A | 15 | Abacus Property | 118 | +2.4 | -0.9 | 52 | 4-0 | - | 1.2 | 13 | 0.6 | 9 | 8.9 | 2.27 | 319 |
| Pearl Healthcare | 13 | +7.0 | +6.1 | 39 | 7-0 | - | - | - | 2.0 | NE | Nil | 1.84 | 9 | ETRADE Aust. | 80 | +41.7 | +23.3 | 6 | 4-0 | 1 | 5.3 | 6 | 1.0 | 90 | Nil | 5.66 | 109 |
| BHP Steel Ltd | 488 | +18.5 | +6.3 | 17 | 7-0 | - | 1.3 | 15 | 0.6 | 8 | 4.5 | 0.72 | 3,821 | E-Star Online | 7 | +15.8 | +6.3 | 21 | 4-0 | - | 0.7 | - | 1.6 | NE | Nil | 2.80 | 6 |
| Aust Infra. | 163 | +9.0 | +0.1 | 34 | 7-0 | 3 | 0.8 | 9 | 0.4 | 10 | 6.7 | N/A | 292 | Port Bouvard | 115 | +35.8 | -3.9 | 7 | 4-0 | - | 1.7 | 3 | 0.8 | 48 | Nil | 2.54 | 73 |
| Nido Petroleum | 2 | +14.0 | +13.1 | 24 | 7-0 | - | - | - | 2.6 | NE | Nil | 3.09 | 6 | Aquila Res. | 57 | +11.0 | +3.0 | 29 | 4-0 | - | - | - | 0.7 | NE | Nil | N/A | 21 |
| Macquaries Air. | 172 | +23.7 | +2.1 | 12 | 8-1 | - | 1.0 | 3 | 0.5 | 34 | 3.2 | N/A | 1,620 | Coffey Int'l | 550 | +20.1 | +3.7 | 16 | 4-0 | - | 4.3 | 35 | 0.3 | 12 | 4.9 | 0.57 | 63 |
| Amity Oil NL | 119 | +30.0 | -8.6 | 9 | 9-2 | - | - | - | 0.8 | NE | Nil | N/A | 189 | Heron Resources | 17 | +1.2 | +6.2 | 56 | 4-0 | - | - | - | 1.2 | NE | Nil | N/A | 17 |
| G.R.D. NL | 151 | +10.0 | +7.2 | 31 | 9-2 | - | 1.9 | 7 | 0.8 | 25 | 3.3 | 1.58 | 320 | Genetic Tech. | 76 | +54.9 | +14.3 | 3 | 5-1 | - | 25.3 | - | 0.7 | NE | Nil | 8.44 | 199 |
| | | | | | | | | | | | | | | Q Multimedium | 11 | +66.4 | +30.9 | 2 | 7-3 | - | - | - | 1.1 | NE | Nil | N/A | 13 |
| | | | | | | | | | | | | | | MFS Lev Invest. | 140 | +7.4 | -4.6 | 38 | 3-0 | - | 1.3 | 3 | 0.6 | 41 | 2.3 | 9.54 | 20 |
| | | | | | | | | | | | | | | Namakwa Diamond | 17 | +18.8 | +1.2 | 17 | 3-0 | - | - | - | 1.0 | NE | Nil | N/A | 10 |

"Neglect

"Neglect" Ratings of Australian Shares

"Neglected" Shares = 1-4 Brokers, "Moderately Followed" Shares = 5-10 Brokers, "Widely Followed" Shares = 11 or more Brokers.

| Company | No. of Brokers Following Company | Market Capitalisation (A\$ Mill.) | Company | No. of Brokers Following Company | Market Capitalisation (A\$ Mill.) | Company | No. of Brokers Following Company | Market Capitalisation (A\$ Mill.) | Company | No. of Brokers Following Company | Market Capitalisation (A\$ Mill.) |
|------------------|----------------------------------|-----------------------------------|-----------------|----------------------------------|-----------------------------------|-----------------|----------------------------------|-----------------------------------|-----------------|----------------------------------|-----------------------------------|
| A.P. Eagers | 1 | 116 | Cochlear Ltd | 10 | 1,770 | James Hardie | 8 | 3,413 | RG Capt'l Radio | 3 | 158 |
| AMP Ltd | 10 | 7,919 | Coles Myer | 7 | 8,718 | Jubilee Mines | 2 | 370 | Ramsay Health | 7 | 551 |
| AMP Office Trt | 7 | 1,023 | Collection Hse | 4 | 168 | Julia Ross Rec. | 2 | 30 | Rebel Sport | 1 | 201 |
| ANZ Bank | 10 | 26,965 | Colorado Group | 2 | 324 | Jupiters | 7 | 1,332 | Reece Australia | 1 | 797 |
| APN News Media | 7 | 1,578 | Com'wealth Bank | 11 | 34,850 | | | | Ridley Corp. | 2 | 396 |
| ARB Corporation | 4 | 213 | Commander Comm. | 2 | 191 | K&S Corporation | 3 | 132 | Rio Tinto Ltd | 8 | 17,099 |
| AWB Limited | 4 | 1,058 | Computer Share | 8 | 1,496 | Kaz Group Ltd | 3 | 223 | Roc Oil Company | 2 | 151 |
| AXA Asia Pac | 7 | 4,733 | Cons Rutile | 1 | 162 | Keycorp ltd | 1 | 127 | Rock Build Soc. | 1 | 51 |
| Adacel Tech. | 1 | 63 | Corp Express | 6 | 1,020 | | | | Rural Press Ltd | 4 | 809 |
| Adcorp Aust. | 2 | 64 | Count Financial | 2 | 137 | Leighton Hold | 5 | 2,701 | | | |
| Adelaide Bright | 5 | 774 | Crane Group | 2 | 538 | Lend Lease US | 5 | 502 | SMS Mgmt & Tech | 2 | 80 |
| Adelaide Bank | 6 | 767 | | | | Lend Lease Corp | 7 | 4,583 | SP Telecom. | 1 | 100 |
| Adsteam Marine | 5 | 350 | DCA Group Ltd | 3 | 472 | Lihir Gold | 8 | 1,771 | STW Comm Group | 3 | 488 |
| Adtrans Group | 1 | 87 | David Jones | 3 | 591 | | | | Santos Ltd | 5 | 3,334 |
| Ainsworth Game | 2 | 45 | Deutsche Office | 7 | 1,263 | M.Y.O.B. Ltd | 0 | 271 | SecureNet Ltd | 1 | 109 |
| Alesco Corp Ltd | 2 | 234 | Deutsche Ind Tr | 4 | 590 | MTM Entert'ment | 1 | 18 | Servcorp Ltd | 2 | 120 |
| Alinta Limited | 5 | 978 | Deutsche Div Tr | 6 | 1,056 | Macarthur Coal | 5 | 144 | Seven Network | 7 | 1,388 |
| Altium Limited | 4 | 64 | Downer EDI Ltd | 2 | 780 | Macquarie G Mgt | 2 | 554 | Sigma Company | 5 | 894 |
| Amalgamated Hld | 1 | 341 | | | | Macquarie Leis. | 1 | 130 | Silex Systems | 2 | 78 |
| Ambri Limited | 1 | 14 | E.R.G. | 1 | 85 | Macquarie Off. | 5 | 1,095 | Sims Group Ltd | 5 | 951 |
| Amcor Ltd | 8 | 7,573 | ETRADE Aust. | 1 | 109 | Macquarie Infra | 3 | 6,122 | Skilled Eng. | 3 | 290 |
| Amrad Corp. | 1 | 95 | Ellex Medical | 1 | 23 | Macquarie Good. | 3 | 1,471 | Smorgon Steel | 6 | 1,028 |
| Anaconda Nickel | 1 | 694 | Emperor Mines | 1 | 74 | Macquarie Bank | 6 | 6,556 | Solution 6 | 2 | 159 |
| Aristocrat | 6 | 744 | Energy Develop. | 3 | 301 | Macquarie C'Wde | 5 | 847 | Sonic Health | 8 | 1,727 |
| Auspine Ltd | 1 | 163 | Energy Resource | 1 | 417 | Mayne Group Ltd | 8 | 2,496 | Sons of Gwalia | 7 | 494 |
| Aust Pharm. Ind | 5 | 619 | Ervestra | 2 | 757 | McGuigan Simeon | 5 | 432 | Soul Pattinson | 1 | 1,460 |
| Aust Stock Exch | 6 | 1,375 | Evans & Tate | 1 | 67 | Mermaid Marine | 1 | 24 | Southcorp Ltd | 9 | 2,405 |
| Aust W'wide Exp | 2 | 208 | | | | Metabolic Phar. | 1 | 222 | Spotless Group | 6 | 1,097 |
| Aust Magnesium | 1 | 18 | FKP Limited | 2 | 307 | Metcash Trading | 6 | 1,381 | St George Bank | 8 | 10,331 |
| Aust Infra. | 3 | 292 | Fairfax (John) | 8 | 2,396 | Mia Group Ltd | 7 | 489 | Stargames Ltd | 1 | 118 |
| Aust Pipeline | 4 | 720 | Fantastic Hold. | 1 | 238 | Millers Retail | 4 | 426 | Starpharma Pool | 2 | 57 |
| Aust Gas Light | 7 | 4,853 | Flight Centre | 3 | 2,099 | Mirvac Group | 5 | 2,729 | Sthn Cross Brd. | 6 | 506 |
| Aust Agricult. | 3 | 251 | Foodland Assoc | 6 | 2,148 | Mosaic Oil NL | 1 | 55 | Sthn Star | 1 | 77 |
| Austal Limited | 2 | 185 | Foster's Group | 8 | 9,186 | | | | Stockland | 4 | 4,945 |
| Austar United | 2 | 464 | Freedom Group | 4 | 230 | Nat'l Aust Bank | 10 | 46,653 | Straits Res. | 1 | 54 |
| Austereo Group | 7 | 636 | Futuris Corp. | 5 | 978 | Nat'l Foods | 6 | 1,132 | Strathfield Grp | 1 | 9 |
| Austrim Nylex | 1 | 82 | | | | Nat'l Telecoms | 1 | 7 | Suncorp-Metway | 7 | 6,353 |
| Australand Hold | 3 | 928 | G.U.D. Holdings | 4 | 333 | Newcrest Mining | 8 | 3,220 | Sydney Aquarium | 3 | 108 |
| Axon Instrument | 2 | 156 | GWA Internat'l | 3 | 811 | News Corporatio | 7 | 27,856 | Symex Holdings | 1 | 101 |
| | | | Gandel Retail | 5 | 2,403 | Norwood Abbey | 1 | 173 | | | |
| BHP Billiton | 8 | 69,500 | Gasnet Aust Grp | 2 | 294 | Novogen Ltd | 1 | 463 | TAB Ltd | 8 | 1,489 |
| Bank of Q'land | 7 | 666 | General Prop Tr | 6 | 5,420 | Novus Petroleum | 3 | 250 | Tabcorp Holding | 7 | 4,167 |
| Baycorp Advant. | 4 | 525 | Globe Int'l Ltd | 2 | 145 | Nufarm Limited | 5 | 696 | Tap Oil | 4 | 251 |
| Bendigo Bank | 6 | 1,144 | Graincorp | 1 | 507 | | | | Technology One | 4 | 133 |
| Beston Wine Ind | 1 | 51 | Grand Hotel | 3 | 123 | Objective Corpo | 1 | 31 | Telstra | 9 | 63,046 |
| Billabong Int'l | 6 | 1,470 | Gribbles Group | 3 | 232 | Oil Search Ltd | 7 | 1,099 | Tempo Services | 5 | 157 |
| Biota Holdings | 1 | 47 | Gt Sthn Plant'n | 1 | 364 | Onesteel Ltd | 7 | 2,192 | Ten Network | 7 | 885 |
| Boral Limited | 6 | 3,196 | Gunns Ltd | 4 | 1,009 | Optiscan Image | 1 | 43 | Thakral Holding | 2 | 387 |
| Brambles Ind. | 8 | 7,998 | Gympie Gold | 1 | 101 | Orbital Engine | 1 | 76 | Ticor Ltd | 1 | 369 |
| Brazin Limited | 3 | 136 | | | | Orica Ltd | 7 | 3,386 | Timbercorp | 1 | 308 |
| Brickworks Ltd | 2 | 1,120 | Harvey Norman | 5 | 2,999 | Origin Energy | 5 | 2,776 | Toll Holdings | 8 | 2,324 |
| Bunnings W/hse | 3 | 410 | Healthscope | 4 | 255 | Oroton Group | 1 | 99 | Transfield Serv | 3 | 508 |
| Burns Philp | 5 | 1,246 | Henry Walker E. | 3 | 157 | | | | Transurban Grp | 7 | 2,193 |
| Burswood Ltd | 6 | 448 | Hills Indust. | 2 | 549 | PMP Limited | 3 | 267 | | | |
| | | | Hills Motorway | 7 | 1,143 | Pacific Hydro | 5 | 427 | Uecomm Limited | 2 | 154 |
| C'wth Prop Off. | 5 | 1,663 | Horizon Energy | 1 | 23 | Pacifica Group | 4 | 712 | United Group | 4 | 404 |
| C.S.R. Ltd | 9 | 1,993 | Hpal Limited | 2 | 143 | Panbio Ltd | 1 | 50 | | | |
| CMI Limited | 1 | 53 | Hutchison Tel. | 6 | 244 | Paperlin X Ltd | 6 | 2,230 | Villa World | 1 | 131 |
| CPI Group | 3 | 56 | | | | Patrick Corp | 6 | 2,386 | Village Road. | 4 | 335 |
| CSL Limited | 8 | 2,695 | ING Indust Trt | 5 | 1,098 | Peptech Limited | 1 | 330 | Vision Systems | 3 | 203 |
| Cabcharge Ltd | 6 | 344 | ING Office Fund | 5 | 945 | Perp Trust Aust | 5 | 1,404 | Volante Group | 2 | 80 |
| Caltex Australia | 1 | 980 | ION Limited | 4 | 478 | Peter Lehman W. | 3 | 143 | | | |
| Campbell Bros | 1 | 211 | liNet | 1 | 98 | Polartechnics | 1 | 46 | Wattyl Ltd | 3 | 344 |
| Candle Aust. | 1 | 51 | Iluka Resources | 8 | 897 | Portman Limited | 5 | 256 | Wesfarmers Ltd | 8 | 10,524 |
| Capral Alum. | 1 | 174 | Infomedia Ltd | 4 | 357 | PowerTel Ltd | 2 | 63 | West Aust News | 9 | 1,247 |
| Carindale Prop | 3 | 175 | Institute Drug | 1 | 87 | Primary Health | 3 | 461 | Westfield Amer. | 4 | 6,489 |
| Cellnet Group | 1 | 38 | Insurance Aust. | 9 | 6,682 | Prime Retail | 1 | 207 | Westfield Hold. | 6 | 8,238 |
| Centennial Coal | 5 | 382 | Int Research | 1 | 38 | Prime TV | 5 | 304 | Westfield Trust | 6 | 6,664 |
| Centro Prop. | 6 | 2,381 | Int'l Wine Inv. | 1 | 113 | Prime Life Corp | 1 | 119 | Westpac Banking | 11 | 28,393 |
| Chiquita Brands | 1 | 134 | Integrated Grp | 2 | 111 | Pro Medicus Ltd | 1 | 84 | Woodside Petrol | 9 | 8,867 |
| Citect Corp Ltd | 2 | 76 | Intellect Hold | 1 | 98 | Pro Maintenance | 4 | 157 | Woolworths Ltd | 9 | 12,434 |
| Clough Limited | 1 | 284 | Investa Prop. | 3 | 1,718 | Publishing & Br | 7 | 7,281 | | | |
| Coal & Allied | 1 | 1,870 | Investor Group | 3 | 142 | | | | Yates Limited | 1 | 22 |
| Coates Hire | 5 | 534 | Iress Mkt Tech | 3 | 248 | Q.B.E. Insur. | 8 | 6,081 | | | |
| CocaCola Amatil | 9 | 3,919 | | | | Qantas Airways | 7 | 6,174 | Zimbabwe Plat. | 1 | 366 |
| | | | | | | Queens'd Cotton | 1 | 90 | | | |

New Issue: Freightways

One of the simplest - and most reliable - ways to assess a New Issue is to **follow the money**. **Freightways** is offering 86.7-88.8 million shares to the public at a price of 155-190 cents, which will be set by an institutional tender. This will raise \$17.5 million in new equity for the company and \$120-147 million for the vendors who are selling existing shares. So 87-89% of the money raised from the public will go to the vendors. That knowledge is probably enough to make the decision not to buy Freightways shares.

The good news is that the vendors are not selling out completely and will retain 23.5 million shares (19.5% of the company) for "at least twelve months". With cash extracted from the business over the last year *and* the \$120-147 million from this public offering, **ABN Amro Capital** will have recouped the A\$187 million paid for Freightways in September 2002.

The bad news is Freightways had been on the market for years without attracting a buyer before ABN Amro Capital bought the company. The \$17.5 million of new equity going to the company will not be used to finance growth but to repay the redeemable preference shares. This will still leave Freightways with interest bearing debts of \$140 million, while Shareholders Equity will increase to only \$63 million.

To make the issue attractive to investors, Freightways will pay an annual dividend of \$14.0 million (11.4-11.6 cents per share) even though it forecasts a net profit of only \$12,749,000 (10.4-10.6 cents per share). It is not generally considered prudent - and certainly not *sustainable* - for a heavily indebted company to distribute 110% of its profits!

At 155 cents, Freightways shares will be on a P/E ratio of 15 and offer a gross Dividend Yield of 11.0%. At 190 cents, they would be on a P/E of 18 and a Yield of 9.1%.

Freightways is a fine company - but the company is structured with too much debt, the shares are too expensive and the vendors are trying to make them appear attractive by offering a very high, unsustainable dividend payout. Avoid.

Total Return Index for All Listed Shares

| | | | |
|--------|---------|--------|---------|
| Aug 11 | 1812.74 | Aug 18 | 1837.10 |
| Aug 12 | 1825.47 | Aug 19 | 1832.23 |
| Aug 13 | 1814.75 | Aug 20 | 1834.52 |
| Aug 14 | 1809.20 | Aug 21 | 1821.28 |
| Aug 15 | 1817.71 | Aug 22 | 1822.64 |
| Aug 25 | 1820.48 | Sep 1 | 1848.05 |
| Aug 26 | 1814.48 | Sep 2 | 1842.56 |
| Aug 27 | 1820.90 | Sep 3 | 1848.30 |
| Aug 28 | 1833.80 | Sep 4 | 1846.59 |
| Aug 29 | 1844.98 | Sep 5 | 1848.88 |

Dividend \$

| Company | Cents per Share | Ex-Date | Pay-able | Tax Credit |
|--------------------------------|-----------------|---------|----------|------------|
| Allied Farmers | 5.00 | 29-09 | 03-10 | Full |
| AMP NZ Office Trust | 3.48 | 22-09 | 26-09 | Nil |
| Auckland International Airport | 12.50 | 13-10 | 24-10 | Full |
| Broadway Industries | 2.00 | 27-10 | 31-10 | Nil |
| Capital Properties | 1.90 | 08-09 | 17-09 | 0.35 |
| Cavalier Corporation | 13.00 | 06-10 | 10-10 | Full |
| CFS Properties | 2.165 | 08-09 | 05-09 | 0.21 |
| Colonial Motor Company | 9.50 | 20-10 | 28-10 | Full |
| Designer Textiles | 3.00 | 22-09 | 30-09 | Full |
| Ebos Group | 9.40 | 06-10 | 10-10 | Full |
| Fletcher Building | 10.00 | 27-10 | 13-11 | Full |
| Kiwi Income Properties | 4.95 | 29-09 | 30-09 | Nil |
| Hellaby Holdings | 15.00 | 06-10 | 10-10 | Full |
| Hirequip | 1.50 | 29-09 | 10-10 | Full |
| INL | 5.00 | 15-09 | 26-09 | Full |
| Lytelton Port Company | 7.25 | 20-10 | 17-10 | Full |
| Michael Hill International | 10.00 | 13-10 | 20-10 | Full |
| NZ Refining Company | 60.00 | 22-09 | 24-09 | Full |
| NGC Holdings | 5.00 | - | - | Nil |
| Northland Port | 6.50 | 15-09 | 19-09 | Full |
| Northland Port special | 10.00 | 15-09 | 19-09 | Full |
| Nuplex Industries | 10.50 | 22-09 | 03-10 | Full |
| ING Property (Paramount) | 2.51 | 15-09 | 19-09 | 0.70 |
| Port of Tauranga | 12.00 | 13-10 | 17-10 | Full |
| Ports of Auckland | 19.00 | 15-09 | 23-09 | Full |
| Pyne Gould Guinness | 8.50 | 08-09 | 15-09 | Full |
| Renaissance Corporation | 4.00 | 22-09 | 26-09 | Full |
| Skellmax Industries | 4.00 | 20-10 | 24-10 | Full |
| Sky City Entertainment | 26.00 | 22-09 | 03-10 | Full |
| South Port NZ | 4.00 | 06-10 | 07-11 | Full |
| Steel & Tube Holdings | 12.00 | 08-09 | 12-09 | Full |
| Taylor's Group | 6.00 | 08-09 | 19-09 | Full |
| Telecom NZ | 5.00 | 01-09 | 12-09 | Full |
| Tourism Holdings | 4.00 | 06-10 | 17-10 | Full |
| Turners Auctions | 8.00 | 08-09 | 17-09 | Full |
| Waste Management NZ | 7.50 | 01-09 | 04-09 | Full |
| Wrightson | 8.00 | 15-09 | 30-09 | Full |
| Australian Shares | | | | |
| Abigroup | 4.00 | 27-10 | 14-11 | |
| Biron Capital | 1.50 | 26-09 | 10-10 | |
| Candle Australia | 3.50 | 08-09 | 19-09 | |
| Candle Australia special | 2.50 | 08-09 | 19-09 | |
| Commander Com. | 2.40 | 09-09 | 26-09 | |
| Computershare | 2.50 | 08-09 | 26-09 | |
| Julia Ross Recruitment | 1.50 | 22-09 | 17-10 | |
| OAMPS | 10.00 | 09-10 | 31-10 | |
| Skilled Engineering | 9.50 | 23-09 | 21-10 | |
| Toll Holdings | 8.00 | 09-09 | 15-09 | |
| UXC | 3.00 | 30-10 | 21-11 | |
| Villa World | 6.00 | 27-10 | 14-11 | |
| Vision Systems | 2.00 | 28-08 | 17-09 | |

Next Issue

The next issue of *Market Analysis* will be posted in four weeks time on Tuesday October 7, 2003 (and delivered in most areas on Wednesday 8).

Subscribers who have updated their account online with an e-mail address will also receive the Electronic version in their e-mail Tuesday morning.

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